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Macleans's This Week

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Macleans's 32nd annual survey for new decade
of the year in the world's most powerful nations. The
survey is based on the results of the 1998 Macleans's
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Internet retailers are launching Web sites and watching their stocks go through the roof. But analysts question whether the e-commerce craze will eventually come crashing down.



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Not so Good Morning

Few in Atlantic television have been higher faster than Toronto native Kevin Newman. But his loss of the coveted Good Morning America host job after just eight months sheds light on the turbulent nature of network TV and its star machinery.



From The Editor

Year of the report card

Next month, Canadians will learn the cost of what Ottawa is asking for the health-care budget. Suddenly, it seems, the politicians have discovered what anyone with a sick relative or friend could have told them two years ago—the Canadian health-care system needs oxygen and an intensive-care unit.

Having pursued the laudable goal of deficit reduction, the men who ride in the black limos and executive jets almost killed off a national treasure. The anger on Main Street found a pretty sight in a nation that regards medicine as a birthright, precisely all people have had to cope with being situated from one line to another, trundled from one hospital emergency room to the next, then patched up and sent home after a few days, often to be cared for by their loved ones. The whole defecating process has given the budget cutters a bad name—and turned the kind of surpluses Finance Minister Paul Martin is reaching up into some fine apron, king of it.

By last week, the score for the taxpayer had become, how much to spend? The Canadian Medical Association told him that Ottawa needs to restore \$2.5 billion in funding to the provinces in the next fiscal year, plus \$1 billion over each of the next three years to cut down waiting lines and expand home care. Health Minister Allan Rock is limiting the cuts to around \$1 billion, as long as Ottawa gets some say over how the money is spent. Quebec provincial governments, who seem to reserve jurisdiction above all else, say no to that. So the budget battle will continue to unfold in the next few weeks, like a food fight at a kids' party, with politicians yelling messy-messy boo-boo at each other, while the populace looks on with growing stupefaction.



Health care: looking across lives

One thing that 1999 should be is the year of accountability in health care. Rock has already called for "a real report card" on how the country spends \$79 billion a year. Some experts believe that as much as \$80 billion of that is wasted on inappropriate or ineffective procedures. But the system is such a tangled web that no one really knows for sure how effectively the money is spent. In Ontario, a measurement of the length of stay in hospital includes people who have died—a blinky way to bring down the average. In contrast, a U.S. patient can be asked to answer 20 different questions on the quality of their care, and there are indications that reporting death rates for procedures such as heart bypasses has improved the results. The concept of ranking has been recently endorsed by Prime Minister Jean Chretien, who said in a recent speech that health care needs the equivalent of the Maclean's ranking of universities. "Maybe some people will look at how their neighbour is doing and try to do better," he told a Liberal gathering in September.

The provinces also support the growing accountability movement, although they are not as keen on a Christian-style ranking. Later this year, Maclean's will join the debate by teaming with the Canadian Institute for Health Information to produce the first-ever national comparison of hospital performance in major cities such as, to select just a few, Toronto, Vancouver, and Montreal. Then later in the year, Maclean's will publish the second annual Health Report comparing delivery by province. An effort counting the money alone, it seems, is going way to one that balances dollars and results.

Robert Lewis

Newsroom Notes:

Inside the Beltway

As he sat in the gallery of the U.S. Senate last week watching the initial proceedings in the impeachment trial of President Bill Clinton, Washington Editor Andrew Phillips reflected on the story that has dominated Washington for the past 12 months. "There hasn't been a year to compare with this in a generation," he says, "not



Phillips' big story

since the Watergate scandal." The Clinton saga has taken much of Phillips's attention since last January, but he's no news addict. When the Monica Lewinsky story broke, for example, he was in Cuba covering the Pope's historic visit.

Phillips, 45, brings to his Washington assignment a well-seasoned outlook as a correspondent and editor at

Maclean's. Born in Victoria, he joined the magazine in 1986 and moved two years later to London as European bureau chief, along with wife Rena and their son Tobias, now 15. His five years in London included reporting from throughout Europe, the Middle East, and as far afield as India. Once back in Canada, he served as Senior Editor in charge of national coverage before moving to Washington in 1995.

Next week, Maclean's will publish its third annual report on the Best and Worst Mutual Funds—available information for investors as FIMF season heats up.

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Young lovers: westerners may be too pooped for sex

Polls apart

Your national sex survey this year revealed that Newfoundlanders are the least sexually active and have the most satisfying sex lives ("Six Uters a week," *Mail*/CBC Poll, Dec. 2006/Jan. 4, 2007). The frequency of sex drops off towards the west, with British Columbians being the least aroused. The article also concluded that sexual appetite increases with income and opportunity to be in bed. It suggested Newfoundlanders are cooped up, presumably due to bad weather. But if their average income leads to more sex, why don't Californians or Torontonians top the list? As far as being cooped up, have you seen the weather in Vancouver for the past few months? Newfoundlanders have more sex because they are the most happy with their life. They have strong family ties and a strong sense of community. Westerners have high expectations of wealth accumulation and status, and when that is threatened, unhappy results. And, by chasing these dreams, westerners may be too pooped for sex.

Steve Witham,
Calgary

Concerning "The dreaded Y2K," there are a number of questions that consumers and taxpayers should be asking: why is CIBC

vice-president John Baras looking so pleased with himself when he has wasted so long to deal with a problem that was evident a decade ago? And he can only "hope" that things will go well? Why were these obviously flawed computers purchased in the first place? Did it not occur to even one of these high-salaried officials to check something so obvious as Y2K before spending megabucks? When I first heard about the million return bug, I checked my Macintosh, purchased in 1992, and found it could read the year 2000. We should be

furious at the incompetence of managers who, dazzled by the bells and whistles that Microsoft sold them, failed to ask a few simple questions.

Gerry Poth,
Calgary

I am embused by the thought that in your year-end survey Quebecers were more tolerant than other Canadians when it comes to other people's lifestyle choices ("Division of liberalism") I guess the people and the government have a problem with a lifestyle only when a sign is put up and French is not the most prominent language.

Paul Lavettie,
Edmonton

Pursuit of the holy

Peter C. Emberley's essay on the rise of spiritualism ("Searching for purpose," *Essays on the Millennium*, Dec. 2006/Jan. 4, 2007) was fascinating. While some people may be looking in some pretty bizarre places, the end result is that most of us are searching for a sense of holiness in our lives and character. For me, spiritual satisfaction comes not from a search for answers, but from a love of the questions.

Sharon Harrison,
Prestonburg, Ont.

I was born in 1969 and I cannot convey to you how much I tire of the term "baby boomer." While Emberley's article was interesting, examples, as many others do, that all people of my generation can be reduced to a statistic. This is simply not the case. My generation. We all those before and after, caregivers, martyrs, thieves, prophets, geniuses and just plain folk. There exists no

A timely suggestion

I have a solution for the Y2K problem. Very simply, the planet should adopt the Hebrew calendar. Why should Christian time always be planetary time? Just as easily as we change back and forth from daylight time, we should be able to convert to a new planetary time. If we made Jewish time all our time, Earth is now at the year 5769. Doesn't that ring a bell? Doesn't it give a sense of stature? I'm not suggesting Christians forget the birthday of their Christ. I'm merely suggesting we allow others an opportunity to hold off on indications of time, and when we get close to the Hebrew year of 6000 and feel those "dreaded zeros," we may decide to adopt the Chinese new year for the world.

John Dorak,
Toronto

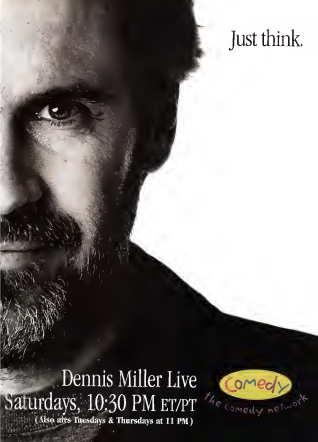
average baby boomer. Emberley claims that my generation is now becoming spiritual, but I would claim that we are no more spiritual than any other. Those who covet crystals and other esoteric items are few, and are not limited to our generation. While it is common for people to turn to religion in their later years, the revolution we see today and the one that occurred in the '60s are continuations of the manifestations that swept Europe in the 18th and 19th centuries, giving rise to profound artistic, social, philosophical and moral reforms. In fact, it appears somewhat regressive. Institutionalized religions, with their wooden rituals and medieval ideologies, have tried to capture our hearts, but, on the other hand, self-awareness and profound philosophy have brought us only spiritual despair. Religion must be more than the preservation of dogma; but it cannot yield to the moral wasteland of Postmodernism. If it is to succeed, it must become, first and foremost, the pursuit of truth.

Mark Blaisden,
Toronto

Banking on size

Peter C. Newman is right on the money with his column "When the banks lose, Canada kart, too?" (*The National Observer*, Dec. 28, 1996/Jan. 4, 1997). The bank merger issue in Canada is akin to what has been happening in American courts recently—i.e. forget the facts and focus on the process. There is a difference, however, and that is that the facts here are known by not a few—the banks and the government. For example, and not most of the electorate

Just think.



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It was a good idea:
Cross the seas with lines of ships.
Cross the land with lines of steel.
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and make a smaller world.

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From land to sea.

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Opening NOTES

Edited by TONY JAMES

The plague of ice

It was Canada's worst ice storm on record. One year ago, the Great Ice Storm hit Quebec, eastern Ontario and parts of Atlantic Canada, knocking out hydro lines and transmission towers, leaving more than three million people without power, and 24 dead. Between 400,000 and 100,000 of ice covered everything—toppling trees and turning streets into skating rinks. Most homes regained power after 10 days, but some in Quebec's so-called triangle of darkness were without electricity for a month. More than 100,000 people took refuge in shelters.

Even a year later, the aftermath of the storm is still being felt. The first anniversary coincided with a Quebec government announcement that the storm cost it and Hydro-Québec about \$1.6 billion (though the storm—and, specifically, re-bidding after the disaster—was a blow to the provincial economy). The Insurance Bureau of Canada revealed that claims for storm damage totalled \$1.5 billion. In eastern Ontario, most victims are still waiting for compensation, leading the Ontario government to file a lawsuit against Quebec Insurance Adjusters. The Ontario-based firm



Montreal's Whiteoak Avenue, last January (left). Just before

hurdling ice storms claims. Statistics Canada notes that more than one-third of crop land in Quebec and one-quarter in Ontario were in the path of the storm—and that it might be 30 to 40 years before maple syrup production returns to normal. But perhaps harshest hit of all was people's faith in technology.

CAPITAL CONFIDENTIAL

There is nothing like the prospect of a large-scale resource development to bring a wildfire in aboriginal land claims negotiations. Consider the tantalizing agreement reached on Dec. 18 between Ontario, Newfoundland and the Labrador Inuit Association, that

former federal Indian affairs minister Ron Irwin and the leadership of the Labrador Inuit Association agreed to fast-track the land claims negotiations. In October, 1990, the parties agreed to some general principles. Among them: the Inuit's Bay Islands would remain under provincial government control, and the Inuit would receive three per cent of the provincial government royalties from the development.

Fourteen months later, negotiators had hashed out enough of the details to announce last month they had an agreement in principle. But now, Victoria's Bay is on the back burner. And Inuit, baffled by changing world market prices, insists it cannot live up to its original promise to build a nuclear



John Labouisse shuts down Inuit Bay Inuit

plant. Negotiations have to be re-opened, there is no deal. "We are willing to sit down," Inuit told Minister's last week. "to negotiate an agreement that is advantageous for all." But government and Inuit officials have not talked since last summer, and no negotiations are scheduled.

EMPORIUM

On Jan. 1, the rates were adopted by 11 countries. The number of years European countries took it will take for the currency to displace the U.S. dollar as the "most important international reserve currency"

1 to 2	3%	20 and up	9%
3 to 5	19%	Never	35%
6 to 10	19%	Don't know	2%
11 to 20	13%		

SOURCE: BOB LARSON
STATISTICS CANADA

GOLDFARB POLL

How much do Canadians care about being better dressed than their friends? Not very. While 1,400 adults were asked if they thought they had more stylish clothes than their pals, the majority answered no. And while there under 25 answered yes more than other age groups, the affirmatives were still a minority. By percentage.

Age	Under 25	25-34	35-44	45-54	55+
Agree they have more stylish clothes than their friends	36	25	13	35	13

SEE REPORT PAGE 10

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Jackson, Ontario's CFL, will be around for a long time

DOUBLE TAKE

Russ Jackson

During the 1960s, Russ Jackson was one of the most dominant players in the Canadian Football League. Playing for 12 years with the Ottawa Rough Riders, the Hamilton team helped the team win three Grey Cups and garnered the Selkirk Award for the league's most outstanding player three times. The quarterback also set a team record for total yards passed—24,888—which still stands today. After retiring in 1980, Jackson coached the Toronto Argos for two years, before, returning to his original career as an educator. From '82 and living in Burlington, Ont., he fondly recalls the old days when players actually lived full time where the team was located—was he did—and were closer to the fans. "That gave the community a sense of involvement with the team," says Jackson. "There is nothing anyone that holds players in a city."

After football, Jackson became a school principal, retiring in 1994 as head of John Fraser Secondary School in Hamilton. Since

then, he and his wife of 37 years, Lois, have kept active with skiing, a sport they've shared with their three grown children and three grandchildren. Jackson is also the spokesman for Grey Power, a national insurance company for seniors. He is still involved with football, doing promotional work for the Canadian Football Hall of Fame and the Canadian Sports Hall of Fame. And for the past two years, he has been the commentator on a



Jackson is still active in football

local radio station for Hamilton Tiger-Cats games. Jackson admires the way the Canadian game has improved since his day, and is thrilled with the league's resurgence. "The last two years," he says, "have shown that this league is going to be around for a long time."

LUKE FISHER

BEST-SELLERS

FICITION

1. The Love of a Good Woman, Alan Watts (1)
2. The Book of David, John Grisham (12)
3. A Man in Full, Tom Wolfe (1)
4. The Book of David, Alan Watts (1)
5. The Book of David, Alan Watts (1)
6. The Book of David, Alan Watts (1)
7. The Book of David, Alan Watts (1)
8. The Book of David, Alan Watts (1)
9. The Book of David, Alan Watts (1)
10. The Book of David, Alan Watts (1)

NONFICTION

1. The Book of David, Alan Watts (1)
2. The Book of David, Alan Watts (1)
3. The Book of David, Alan Watts (1)
4. The Book of David, Alan Watts (1)
5. The Book of David, Alan Watts (1)
6. The Book of David, Alan Watts (1)
7. The Book of David, Alan Watts (1)
8. The Book of David, Alan Watts (1)
9. The Book of David, Alan Watts (1)
10. The Book of David, Alan Watts (1)

How to define a Canadian, 101

Who Speaks for Canada? 10 Words that Shape a Country (Macmillan & Stewart), edited by Debra Martin and Morton Weinstock, brings together essays, speeches and poems from more than 130 leading Canadian writers, politicians and historical figures—to answer a centuries-old question: what is a Canadian?



Passages

DEBATED: Researcher Dr. Nancy Oliver, 44, by officials at Toronto's Hospital for Sick Children. Oliver was head of a medical program for victims of the rare blood disease thalassemia. Her donation was the last blood from a donor who had died before which Oliver and the Toronto pharmaceutical firm Apollos Inc. disagreed about results of a drug trial. Oliver was conducting—and hospital officials did not support her.



DIED: Former Canadian diplomat, Seal R. 84, at his home in Ottawa. He served in Paris after the city was liberated in 1944 and was later ambassador to the United Nations, Mexico, Guatemala and the Netherlands. He is the father of Bob R., a former Ontario premier, John, an executive with Power Corp., and Jennifer, an executive with Inna Corp.

DIED: Creative head of movies and mini-series for CBC TV, Jim Bart, 51, of brain cancer, in Toronto. Bart, who held the position for 10 years, was responsible for developing projects that included The Days of '68, Vincent, Million Dollar Babies and The Diary of Emily Law.

INDIGNATED: By Canada's Sharon Tom, Celine Dion, Sarah McLachlan, Barenaked Ladies, Alanis Morissette, The Weepers, Robbie Robertson, Walter Oakesay and Toronto-based Rhombus Media for Grammy Awards, in Beverly Hills, Calif. "There is a nomination for six awards, including best album."

CHARGED: By: Vito R. 45, the Vatican's second-most senior official at the Canadian papal embassy, with criminal harassment, in Ottawa. Josephine G. 59, a cultural attaché at the embassy who was fired last September, always she was stalked by R. 45, received death threats and had break in at her home.

NAMED: Canadian Morton Weinstock, as winner of the Irving G. Thalberg Memorial Award, to be given at the Academy Awards in March. The prize, Weinstock's first Oscar, goes to a producer whose "body of work reflects a consistently high standard of movie production."



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CATCHING UP

BY JOHN GEDDES

Serra Wireless Inc. is a small company launched just six years ago by three high-tech entrepreneurs, the Richmond, B.C., firm quickly established itself as a leading manufacturer of equipment for linking up portable computers to the Internet over cellular telephone networks. Serra now employs about 80 people, many attracted to the Vancouver area by a combination of intense workweek speed, developing leading-edge technology and laid-back weekends devoted to West Coast pursuits like skiing and sea kayaking. It's the sort of hip, fast-growing enterprise that politicians gush over as the future of the new economy. But Serra is not gushing back. One of its founders, Andrew Elmer, now vice-president of marketing, complains that high-taxed and government income taxes sometimes drive hard-to-recruit, highly skilled employees to the United States. "It cash is their primary reason for going," Elmer laments, "there's not much we can do about it, given the tax situation."

Elmer's frustration is widely shared. The brain drain, an old, recurring concern of Canadian companies and governments alike, is again high on the policy agenda in the run-up to the federal budget. Finance Minister Paul Martin is expected to brook no dissent next month. This time, though, it is just one aspect of an even bigger debate about the country's lagging productivity, and why Canada seems unable to catch up with the more dynamic U.S. economy. Many economists are blaming the heavier Canadian tax load, not only for the problems companies like Serra have holding onto mobile workers, but also for the country's failure to produce more Serra in the first place. Just 14 per cent of Canada's manufacturing firms are considered high-tech, compared with 34 per cent in the United States. Critics of high taxes argue governments are siphoning money that would otherwise be invested to create these new, innovative Canadian enterprises—and to boost the lagging productivity of all others. "Our tax burden sticks out like a sore thumb," complains Don Berwick, senior economist at the brokerage company Nalanda Securities Inc.

High Canadian taxes figure prominently in the spite of recent economic reports that tell a troubling story about Canada's long-term economic performance. Over the past quarter century, Canada's productivity—the amount of economic output the country gets from its labour and capital investments—has grown more slowly than in other rich industrialized nations—including, at course, the United States. The federal industry department estimates that Canadian manufacturing firms are now only about 70 per cent as productive as their U.S. rivals, down from 80 per cent in 1980. The gap has widened during the very period when many Canadians thought they were weathering changes that would turn their economy into a world-beater. First, there was the shift to North American free trade, then a period of alarmingly high interest rates to squeeze inflation out of the economy and,

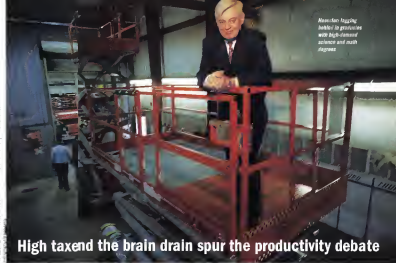
most recently, the war on government deficits. "Now the question is, when is all this going to manifest itself in real benefits to the lives of people," says one Liberal strategist close to Martin.

Many economists argue that this free trade, low inflation and zero deficit are already paying dividends, but the benefits are being partly stifled by those pesky high taxes. Taxes levied by all governments in Canada amount to about 37 per cent of Canada's gross domestic product, compared with about 29 per cent in the United States. For a middle-class family, that means an invisible into a big bite out of a paycheck. According to a recent study by CIBC World Gundy Securities Inc., a family earning \$20,000 to \$45,000 a year in Canada can expect to pay about 17.1 per cent of its income in taxes, compared with 8.8 per cent for the same U.S. household.

As well, a Canadian who manages to make more does not keep as much as an American. The top Canadian tax bracket, 51 per cent, locks in for every dollar earned above \$58,181, an income level at which the U.S. income grabs only 32 per cent. International observers have taken note. The Organisation for Economic Co-operation and Development, in its latest survey of the Canadian economy, said the gap between U.S. and Canadian taxes is "pressure point," and urged Ottawa to cut taxes "for competitive reasons."

Martin appears poised to make a start at doing just that. His top advisers say the government hopes to offer some sort of personal income tax reduction in the coming budget. But they reject the argument that the brain drain means that relief should be targeted at the top income earners—those able to move south most easily. Instead, a tax break targets at the middle-income taxpayers with incomes below \$65,000 in an effort to pre-empt job-planning scenarios. Some lobbyists who have been arguing for breaks for the most mobile—and best-off—professionals will be disappointed. "Attracting and retaining high-end, skilled workers is basically the number 1 priority for high-tech companies," says John Reid, president of the Canadian Advanced Technology Alliance.

While taxes are dominating the debate about how to catch up to the Americans, they are not the whole story. It is a key speech highlighting the government's concern about lagging Canadian productivity last September. Prime Minister Jean Chrétien stressed the need for a better-educated workforce. He quoted his government's initiatives in the 1998 budget: helping parents save for their children's education after high school, setting up the new Millennium Scholarship Fund, and injecting more money into the federal granting councils that finance university research. Some business leaders support that emphasis on broadening the pool of well-educated, technology-oriented workers, rather than becoming preoccupied with competing with the United States through tax reductions. "Sure, it's hard



Alexander logging helps in producing with high-demand science and math degrees

High taxed the brain drain spur the productivity debate

to get Alexander to come up to Canada, and easy to get Canada to go to the U.S.," says Wolf Haerndel, president of Guelph, Ont.-based Staglock Inc., which supplies turntable elevating platforms, often used in construction, at factories in Ontario and Iowa. "But a bigger difficulty is simply finding well-educated, qualified technical people, whether it's in Canada or the United States."

At first glance, education appears to be a bright spot for the Canadian economy. Canada ranks first in the world in the percentage of 18- to 21-year-olds enrolled full time in postsecondary education: 37.9 per cent, compared with 34.7 per cent in the United States and 18.6 per cent in Germany. But a recent Conference Board of Canada study pointed out that Canada lags behind most industrialized countries in the proportion of graduates with high-demand science and math degrees. And the board, an independent economic research organization, also said the high-school dropout rate in Canada remains higher than in Japan, Germany and the United States. Another pessimistic weak spot for Canada is on-the-job training, in which Canadian companies rank just 13th in the world, behind Japan, Germany and France, although ahead of the United States and Britain.

Canada's per capita output is a weak performer, in some other key areas. Domestic companies are far less likely to adopt new technologies than sophisticated American firms, according to Statistics Canada. And even though Canada offers the world's richest tax breaks for research and development, U.S. companies spend nearly twice as much on R & D. Foreign firms with branch plants in

Canada seem to perform better than Canadian-owned operations. A recent analysis of Canada's productivity problems by the federal industry department said that large, export-oriented firms in Canada are, on average, 13 per cent more productive than their Canadian counterparts. Investment in new equipment is one likely reason. In Port Hawkesbury, N.S., Helsinki-based forest products giant Stora Enso Oy has spent \$750 million to turn an aging paper mill into a state-of-the-art showcase for new papermaking technology. "This investment has a very important message for Canada," says Jack Hartley, president and general manager of the Port Hawkesbury mill. "This isn't happening in Canada to the extent that it should be, it has been happening in Europe and Asia."

While productivity is a hot debating point in the strategy sessions leading up to the budget, the word itself may not find its way into Martin's budget speech. Liberal strategists told Maclean's they fear that Canadians associate the term with corporate downsizing. "People have some trouble relating to what productivity means," said one government official. "It could be as simple as saying it is going to give them a computer, or it could mean they are going to be laid off." Shortcuts up health care—a safer, more popular theme—will dominate the budget rhetoric. Still, with the reality setting in that vanquishing the deficit has meant the end of Canada's economic wariness, Martin is under pressure to send a message—call it what he will—that Ottawa is not willing to let Canadian jobs fall further behind their American cousins as the race for prosperity in the global economy is on.



Activists "say the only way to win longer jobs and better pay."

Montreal's burning issue

Vandalism marks the city's simmering contract dispute with firefighters

BY BRENDA BRANSWELL

When two fire trucks sped through downtown Montreal one day last week, sirens screaming and lights flashing, several passersby batted at their trucks—as usual—and started. But in this case, there was another reason for the pedestrians' interest. The trucks sported a unique Holstein cow look: Instead of red, they were a coat of white paint with large black patches. The makeover was just one visible sign of the Montreal firefighters' simmering contract dispute with the city—a battle that, since December, has included acts of sabotage and, in one bizarre instance, the dosing of a district fire chief's office with animal urine. "We're not going to take the type of harassment," city councillor Gerry Weiner told *Montreal's* last week on the two sides battled with a Quebec government-appointed arbitrator. Weiner, the city's executive committee member in charge of the fire department, added: "These types of indiscriminate acts are totally unacceptable. And there is absolutely no sympathy in the population for this kind of activity."

Maybe so. But Montrealers are growing increasingly familiar

with them. The dispute is only one of several bitter chapters in the city's relations with its firefighters, who currently number 3,540. The uneasy history includes an infamous weeked strike in 1974 during which lines rioted and firefighters stood off by, and two painting lawsuits by the city against the Montreal Firefighters Association. In the current conflict, the city has adopted a tough line, warning a court intervention against the pressure tactics, which had deteriorated by week's end. The city has also warned that it may try to get the union decertified if the acts continue, as well as the national union incident and repaired fire trucks, militant firefighters have allegedly punctured fire hoses and disabled computers used to dispatch calls. Police are also investigating the city's claim that a security guard was stuck in a room at a weekend fire station for a few hours after firefighters rattled the bells that.

Strong tactics—over measures that many observers classify as tame. As recently as last April, when Montreal firefighters finally approved a contract after 26 months of fractious negotiations, Naudin Eloppe, president of the city's executive committee, heralded the opportunity to "finally turn the page and begin an era of harmonious relations." It was not to be. The current dispute broke out a mere eight months later, just before Christmas, largely over the interpretation of some clauses in the contract. For example, the union contends that the city is compelled to hire 17 firefighters immediately to maintain a quota of 1,350 on staff, while the city says it only needs to meet that figure once a year.

Publicly, the union has, for the most part, spoken through actions, not words. Gaston Paquet, head of the firefighters association, has made few statements recently and did not respond to a *Montreal's* request for an interview. But among rank-and-file firefighters—who

have been ordered by their union not to talk to the media—anger runs high. During an afternoon call at one fire station, firefighters quietly expressed their contempt over the turbulent nature of labour relations with the city—and accused Montreal politicians of continually reneging on collective agreements. "It's always like that," remarked one 29-year-old firefighter. "We have to fight to win what we've already agreed."

But old relations between the two sides sink this low? Deputy fire chief André Brault has a theory—which points the finger at the union. "They developed a confrontational attitude," he contends. "They say the only way to win things is by confrontation, and that's why we've gotten here." But Montreal may have helped foster that belief, according to some experts. "The city has always been quite loose in the way it manages," says Michel Gosselin, a professor at the Université du Québec à Montréal and labour relations expert who served as a mediator in 1995 during a long-running workers' dispute. By making concessions over the years who faced with same wage pressure tactics by its unions, Gosselin says, the city sent the message "that those kinds of actions could pay off."

During the contract negotiations that ended last April, tempers also ran high. Firefighters plastered their trucks with stickers—some of them featuring Mayor Pierre Bourque with devil's horns. The city also alleged that vandals punctured scores of fire hoses. But in the most recent dispute, city officials say the pressure tactics have become more serious. And Bourque's Union Montreal administration has shifted to a more confrontational approach. For example, last week the city suspended 43 firefighters from one station after they refused to clean up their painted fire trucks. Faced with the threat of dismissal, the firefighters returned to work, and by mid-week city officials announced that firefighters had agreed to restore all trucks that had been defaced.

Some opposition critics believe the city's fractious relations with firefighters need to be publicly examined. "It's been going on for too long," declares opposition councillor Richard Thériault. "It's ending on a lot of money." The city is trying to recoup some of the losses. Montreal is using the union for the \$99,230 it spent last year to repair firefighting equipment, and has also launched a \$1-billion lawsuit against the firefighters' association. As for the current

conflict, officials estimate it has cost almost \$500,000, including the hiring of security guards at fire stations to protect district fire chiefs. The city has already sent the association a notice holding it responsible for those costs as well.

The firefighters, meanwhile, appear to be losing the public relations battle. For the most part, Mayor Bourque held them in high esteem for risking their lives for others. But in the streets of the city's hip Plateau Mont-Royal district last week, several residents noted that, in the latest confrontation, the firefighters have gone too far. "The first thing that came to mind was what we're doing with the equipment," complained an anti-warrior Bernard Beaud. "It belongs to us." Gilbert Lepage, a free-



Four-dashed fire truck, punctured hoses, disabled computers—and an office dosed with animal urine

Militancy certainly runs high among the city's unions. Last February, for example, thousands of municipal employees, including blue-collar workers, decided on order to provide essential services, and bailed out from work one morning to protest city buildings over a proposed special law to roll back wages. But in Montreal, confrontation has a long history. Twenty-five years ago, in one of the most devastating instances, firefighters staged an eight three-day strike over demands that their contract be respected to guarantee them full pay during power cuts in inflation. During that so-called Week in October, 2078, more than 15 fires left at least 208 people homeless—straw suspects that some of the fires had been deliberately set by the firefighters. "It was a shock," recalls John Sullivan, then a Montreal district fire chief who, like other managers, was called in to replace the strikers. Sullivan, now retired and living in Ottawa, adds: "I didn't think we'd see that many fires." Neither did others. The late Nick Adair, a popular columnist at *The Gazette*, wrote in 1968 how former premier Robert Bourassa watched the glowing fires from his office at the Hydro Quebec building and considered the situation sheer madness.

hence inhibition demands pressure, called the union's tactics "unacceptable and dangerous—I don't think it's the union to exert that kind of pressure now." Editorial opinion has not been favorable either. One *La Presse* editorial questioned how firefighters have been to acting like "perfect samurai."

It remains unclear how many firefighters have been involved in the recent sabotage. And some observers question whether the union has adequate control over its members. (I haven't recently contacted his rank and file over the pressure tactics and asked them to review the contract negotiation.) But city officials have also come under fire for their handling of the dispute. The reason, who was scheduled to return to Montreal last weekend after spending 14 days touring China with a Montreal business delegation, has been criticized for not playing a greater role in resolving the problem. "Bourque has been out of touch with the population's commonwealth and where he is," says opposition councillor Helen Fortin. "He's in China, chasing up more air miles." Montreal's long history of contentious labour relations has shown that disputes can all too easily erupt into open flames. □



Bearing witness

In Kangiqsualujjuaq, people mourn their loss

Last week, the people of Kangiqsualujjuaq, Quebec, held a funeral service for their dead. Just after 3:00 a.m. on New Year's Day, some people, five of them children under the age of 10, died when an avalanche swept down on the Saccumawit School as local residents celebrated in the gymnasium. School principal Jean Leclerc says here what tragedy struck. The account of the disaster and its aftermath:

How do you talk about a mother dying fatallly in the snow with her bare hands to find her child? How do you describe the pain in the eyes of those who held their loved ones' hands and swollen bodies in their arms? How do you describe the children that marched all our faces and hearts? The children were playing in the empty space in the middle of the room. A dance had just finished, a few minutes before, the community had offered some prayers. Someone spoke of happiness and joy. We also seemed to get behind the difficult moments, but full—no denying that the families couldn't forget at this time of celebration. And then—no body can ever adequately describe the incredibly powerful wave that covered everyone in its path and refused to abate the will that protected us from the storm.

That Kangiqsualujjuaq is a place where you don't really escape things. They come at you strong: when it's cold, it's really cold, when you feel isolated, well, you really are. Everything is a little more powerful, probably because you don't have things to distract you from certain realities. In many ways it can't be a hard life. You don't have everything handy



Funeral for the nine avalanche victims; recovering the bodies (below): 'a place where you don't really escape things'

all the time. You can't find all the supplies you want. If someone is very sick the doctor isn't near—there's 200 km away and the specialist is 1,000 km away. Things are hard—but you could argue that life is easier because we don't have a lot of things that make life difficult in Montreal or Toronto. For example, in our school we don't have mandarin, or very little. We don't have teenagers fighting and being really violent. I always considered us to be very, very fortunate.

Now, the children, several of whom witnessed the losses, are shocked by it. Not only did they see people buried before their eyes, but it all happened in their school gym. Several of them were buried themselves, trapped for long minutes in the snow. They heard the cries of distress and pain. They suffered in their bodies, their minds and their hearts. It will take a lot of love and warmth to heal all those wounds. People will carry the loss with them—but they will probably say it had to happen. In Inuktitut, people say *ayummat*, which means it is something beyond your control, something you can't do anything about. I think that will be the way people will react.

There is not much darkness in the North was down and the evening was beautiful, cold and crisp. The only movement was in the air. You could see the northern lights moving around the moon. People here generally believe that if you whisper at the northern lights, they'll answer and respond to the whispering. I was looking at them in my own way. It felt a little bit like they were alive—and they knew about what happened. When you looked up there after that hard day, it appeared as if there was something bright and good right above us—and we were back in the normal feel of things. □

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Visions of sugarplums

Neither side will elaborate on the details of what was said, other than to speculate that the discussion was "frank." So you can bet the talk got a little testy one night last November when Allan Rock and Paul Martin gathered with their deputy ministers and top political aides in Ottawa restaurant to discuss money. Specifically, Health Minister Rock wanted to know just how much federal cash was going to be available in the 1999 budget, which the Liberals have repeatedly promised will be snapshotted as the moment they shared no medicine.

At the time, the federal treasury seemed to be gushing money. The finance department's own reports put the surplus at \$10 billion, the first half of this fiscal year, and Martin was having an ever harder time convincing his cabinet colleagues to step out of their sugarplum reveries and allow to spend it. Money in hell is still tight, he even told dubious ministers from the Prime Minister's Office who wondered why Martin continued to cry poor. And who knows what impact all those uttering indignities and Rumsfelds will have on us?

That's what Rock heard from Martin, too. Health budget or not, lower your expectations. Rock has always worried he would be seen to get rich from health care from Martin, and his alarm must have deepened over the following weeks as the Liberals announced two new policies that reduced the available money even more. The first was Martin's cut in Employment Insurance premiums by 15 cents, a seemingly innocuous amount that will still cost the government \$1.1 billion a year in foregone revenue. The other was the creation of a nearly \$900-million economic support program for farmers hurt by the drop in prices for commodities like hogs. Both decisions showed one thing: they were designed to smelt out a growing political problem, since the Liberals are becoming more willing to set aside fiscal prudence at any hint of trouble.

Take the EI cut. Martin has never believed—as he has argued forcefully against—the theory that Canadian generosity is a hindrance to job creation. His sides never grow bored of recasting the

time he visits a room full of East Coast business people for a show of thanks from those who would hire new workers if Ottawa cut EI premiums. Not a penny went up, and Martin remains convinced there is far more benefit in a straight personal income tax cut than in lowering less visible taxes.

But as the EI account swelled to \$38 billion last fall, opposition parties and some premiers started accusing Martin of "leak" money from Canadian workers, not a slur he liked. By December, all that was left to decide was how big the EI cut should be, not suggest that it would take a big chunk of the surplus, yet large enough to force critics to stop calling him a thief. Martin settled on 15 cents, which seems to have bought him some peace for now.

Then came trouble on the farm. Nothing scares politicians so much as the wails of farmers claiming they are about to go broke. Hogs were being shot or gassed by owners who apparently could not afford to feed them and they could be properly butchered for a profit, and it didn't help that video of the state gile of dead hogs was being aired on TV newscasts with the same frequency as RCMP pepper spray use.

Christie agreed to the support package with a speed his ministers could only marvel at.

Rock has since been told roughly how much money to look forward to in February's budget, and seems satisfied that he won't be seen to have failed. But the pre-Christmas indication of how the Liberals plan to govern in the post-deficit era is unsettling, especially at a time when they want to change federal accounting rules to get their hands on any surplus money at year's end. Certainly any money left over must be used to pay down the federal debt, and the Liberals can think of far more pleasant ways to deal with a surplus. If contrary they argue to be paying down debt when Canadians are crying out for health spending or tax cuts.

Sounds reasonable. But the danger is that governments are not always noble in their spending choices. Future supplies could easily become a sort of shill fund, available to smother newly emerged political problems. Take, for example, when there is a land chaos calling the finance minister a thief



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UNITED—AND DIVIDED

Organizers for next month's United Alternative conference suggested, as one option, forming five regional blocs within a loose confederal party. The Reform party would form the core of the blocs in British Columbia and the Prairies, with the Tories carrying the weight in Atlantic Canada. In Ontario, the proposal calls for Tories and Reformers to unite, and in Quebec, for a new organization. The movement is aimed at forming an alliance of conservatives to defeat the Liberals.

DOWNIZING THE NFB

A committee of film-industry insiders recommended that Ottawa drastically shrink the National Film Board and turn much of its \$66-million budget over to Telefilm Canada, the federal body that funds privately made movies.

TERROR IN THE NIGHT

Corporate lawyer Schuyler (Shippy) Sigel, 62, and his wife, Lynn, 57, were kidnapped after someone hit their Mercedes from behind as they drove to their affluent Toronto neighbourhood at night. When the couple stopped to check the damage, a man with a gun and two others forced them into the trunk of their car. They were held captive in an apartment, badly beaten (Schuyler's jaw was broken) and forced to hand over the keys and security codes to their \$1.6 million home, which was later ransacked. They escaped the next day after their guard apparently fell asleep. Police later arrested a 17-year-old boy and were looking for two men in their 20s.

GOOD SAMARITAN?

Independent Saskatchewan MLA Jack Gooshen, accused of paying a teenage prostitute for sex, testified that he was merely giving the 14-year-old a lift home after she flagged him down. Gooshen, 66, said the girl told him she was in trouble for missing her curfew. Police found the two in the parking lot of an abandoned factory.

SILVER LINING

In a tense overtime attack, Team Canada lost the gold-medal game to Russia of the world junior hockey championship in Winnipeg. But the silver medal represented a return to form for the Canadians, who had won gold for five straight years before tumbling to a humiliating eighth-place finish last year.

MACLEAN'S/JANUARY 18, 1999

Canada NOTES



CULLING THE SEALS:

Newfoundland released a study suggesting the harp seal population can withstand a one-time cull of two million animals next year. That would reduce the herd to between 3.5 million and four million—still big enough to sustain future annual culls of 375,000 seals, the study concluded. But an earlier report suggests that current kill levels are unsustainable because of the number of dead seals that go lost and uncared for. Federal Fisheries Minister David Anderson said this year's quota at 375,000, the same as last year's, angers the International Fund for Animal Welfare. "As many as 500,000 seals have been killed in each of the last three years, putting the seal population at risk," the IFAW said.

An overhaul for immigration

Immigration Minister Lucienne Robitaille refused Ottawa's suggested changes to Canada's immigration policies. Among the proposals: measures to attract more skilled newcomers, prevent the entry of war criminals, cut the backlog of refugee cases and amend the definition of spouse in family reunification cases to include common-law and common-law partners. The new rules would de-emphasize the importance placed on current occupations and focus more on immigrants' general levels of education, experience and employable skills. And Ottawa aims to shrink the current backlog of 23,600 refugee cases by instructing the Immigration and Refugee

Board to streamline its rulings process. The board currently holds three separate hearings to decide whether a claim is valid, whether a claimant would be at risk in his home country, and whether he should be allowed to stay in Canada on humanitarian grounds. Under the proposed changes, these rulings would be made in one sitting. Note worthy by its absence was last year's proposal by an independent advisory group that visas grants be processed in English or French. After a hostile response from immigrant groups, Ottawa shelved the language requirement and opted instead to award extra points to applicants who are fluent.

Murder and insanity

Robert Chénail, 24, was charged with second-degree murder in the stabbing deaths of Miraz Zec, 37, and his common-law wife, Delia Headland, 39, on New Year's Day in Winnipeg. The crime touched off public outrage because in 1995 Chénail and another teen were convicted of first-degree murder in another

killing. But in 1996, the Supreme Court of Canada threw out that conviction when it broadened the definition of criminal insanity to a landmark decision. The court ruled the two were not responsible if they did not understand that their act was morally as well as legally wrong. During the appeal process, a psychiatrist testified the pair believed they could raise the dead, talk to the devil and become invincible.

SOLEMN DUTY

An edgy U.S. Senate opens the trial of Bill Clinton

When the Senate of the United States finally got down to the serious business of putting the 42nd president of the United States on trial, it was, appropriately enough for a body that revels in its reputation for stately deliberations, 20 minutes behind schedule. And just as appropriately for a chamber that adheres to an tradition—where gleaming brass spittoons stand as reminders of a time when spitting a stream of black tobacco juice was a gentleman's prerogative—it was the oldest member who called them to order. The quavering voice of Strom Thurmond, the 69-year-old senator from South Carolina, summoned them to resume the chief justice of the Supreme Court, William Rehnquist. But when Rehnquist, decked out in his silver hair and bellows-inspired black and gold robe, strode onto the floor of the Senate, all the tradition in the world could not tell the 100 senators how to respond. A moment of palpable uncertainty gripped the chamber until, finally, they hauled themselves slowly to their feet, aware to "do impartial justice" and began what no long American has witnessed: the impeachment trial of a president.

The last time the Senate took up such a task, in the spring of 1968, Washington was still basking in still recovering from the ravages of the Civil War and Pennsylvania Avenue was a muddy track from Capital Hill to the White House where President Andrew Johnson awaited his eventual acquittal. No wonder, then, that the senators were unsure how to proceed in the case of William Jefferson Clinton, as the first article of impeachment approved by the House of Representatives formally describes Johnson's embroiled successor. Much of the bitter atmosphere that enveloped the House in December, when it impeached the President along strict party lines, they strive originally to keep the Senate from denigrating any self Joseph Blaine, a Democrat from Delaware, called "a pit bull ring." In the end, they managed to patch together a compromise that will allow the trial to begin this week—but only parts of the south districts will take.

The disagreement, both in the public arenas and behind the scenes, underscored a host of divisions between Democrats and Republicans, to be sure, and between Clinton's White House and the 113 Republican congressmen who will prosecute the case against him in the Senate. But perhaps the most telling divisions were among the politicians themselves, sharply split on how to get through the impeachment ritual without digging themselves a deeper political hole. Over the Christmas-New Year break, the leaders of the Republicans majority in the Senate, Trent Lott of Mississippi, cautiously endorsed a plan for a quick, four-day trial without any witnesses. With Clinton almost certain to survive the two-thirds majority vote needed to convict him and remove him from office on charges of perjury and obstruction of justice, it would have allowed all sides to satisfy the public demand for an end to the impeachment saga.

Lott was clearly responding, as well, to signs that Republicans have hurt themselves badly by being seen to prolong the scandal over Clinton's liaison with onetime White House intern Monica Lewinsky and his efforts to cover it up. Just as the Republican majority in the House was impeaching Clinton in mid-December, polls showed that the party's standing with voters had dropped to its lowest level in 14 years. As in 19 American told pollsters that Republicans in Congress were out of touch, and a similar number opposed impeachment. Tellingly, one survey last week found that only 52 percent of those who identify themselves as Republicans support a full trial. The

party, say many analysts, has painted itself as extreme by pressing the impeachment case against Clinton so relentlessly—an image that Lott was determined to change.

The political calculus is simple. With the campaign for the presidency in 2000 starting in earnest, Republicans must build up a track record of achievements they can take to voters next year. In Congress, that means getting past the now-impeachment issue and racking up accomplishments such as overhauling social security, reforming Medicare and passing a significant tax cut. What they failed last year to reach any of those goals, sworn pardoned them at the polls.

Lott must deal with an even more pressing reality. Not even Republican senators dare reflection next year and many are vulnerable to Democratic challenge. Congresswomen, including most of the right-wing Republicans who pushed impeachment so fiercely, tend to come from safe districts and are most influenced by extreme elements within their own party. Senators, by contrast, must draw support across an entire state and secure ele-



Nyle (foreground) leads judiciary committee members to the Senate, Clinton and the first Lady (left) peeking in



ten more votes to sways in general public opinion. By clearing the way for a quick end to the impeachment issue, Lott was intent on cutting his party's losses and protecting its 55-seat majority in the Senate. Conservative Republicans, however, would have none of it. House judiciary committee chairman Henry Hyde, the congressman who engineered Clinton's impeachment in the House and will lead the prosecution in the Senate, (provided that his team of 13 so-called managers must be able to pursue its case against Clinton without restrictions—including being allowed to call witnesses. They wanted to call as many as 15, likely including Lewinsky herself as well as such key figures as Clinton's attorney, Betty Currie, his friend and former Vermont Justice, and possibly White House aide such as Clinton's chief of staff, John Podesta, and his former political adviser, Dick Morris. "As in any court proceeding," Hyde said, "witnesses are necessary during a trial so that evidence may be thoroughly weighed and tested before a verdict." Another House Republican, Jose Hatcher of Arkansas, added bity: "You can't make a proper case without witnesses."

That became the key sticking point. Senate Democrats and the White House agreed that with 50,000 pages of testimony and evidence already produced by independent counsel Kenneth Starr, senators could make up their minds without bringing Lewinsky and

others into the Senate. Both feared that parading witnesses through the chamber could turn a what looks like a sure acquittal for Clinton into an unpredictable process that might yet turn against him. More, said senators who oppose witnesses, allowing the prosecution to bring in anyone they wanted could turn the proceedings into a show trial designed to humiliate the President. Those fears were fueled when more Republicans raised the possibility of calling witnesses not even mentioned by Starr in his voluminous report to Congress—such as Kathleen Willey, who alleged last spring that Clinton groped her just outside the Oval Office.

Events, in fact, seemed to be conspiring towards a replay of the disastrous 1968 House proceedings that to a large public opinion vote last year. With that specter hovering over them, senators from both parties gathered privately late last week in the old Senate chamber—unused since 1859. One senator, Christopher Dodd of Connecticut, reminded them that they could emulate the statesmanlike congressmen who once labored in that room, or end up in a partisan heated re-enactment of the tale in 1858 when a congressman from South Carolina turned over to the Senate and brutally cased a senator from Massachusetts. With that advice still fresh, they managed to work out a deal.

Under the compromised arrangement, Clinton's trial will start in



Netanyahu presents the West of the Western Wall to Americans: A memorable encounter

and risk letting Netanyahu back in. To Shohak, Labour carries too much historical baggage, especially among the half of the population whose families emigrated from Arab countries and will barely forgive the European-dominated party for its prioritizing reception of them. Most voters for Netanyahu last time, Shohak believes, enough of them might back a new face, contented to dialogue and mutual respect, to give him a chance.

The amiable, articulate Shohak's main claim to their allegiance is that he is neither the divisive Netanyahu nor the caddy Barkat, and is instead led by the crime of Gush Katif. He tries to look tough and sometimes sounds a bit cynical: "veteran military commander Ron Ben-Yishai told Markovitz, 'But he's a mild person who can be very emotional. He knows how to make people like him and do what he wants them to do. He's very much in control of himself, though it's very easy to hurt his feelings'."

Shohak projects himself as Mr. New Guy, healing the rift in Israel's turbulent society. He acknowledges that the Palestinians are on their way to a state, but says he will make sure it doesn't threaten Israel's security. He is ready to trade territory for peace with the Syrians, but won't commit himself on how much. He won't pull Israeli troops unilaterally from the drifts of South Lebanon, but will negotiate an orderly withdrawal.

A Gallup poll published the morning after he launched his campaign found Shohak trailing Netanyahu and Barkat in a three-way contest—each Netanyahu at 30 per cent, Barkat at 30 and Shohak at 30. But the results also suggested that Netanyahu would lose to either of the other two in a runoff, scheduled for June 1 if no candidate tops 50 per cent first time out. Netanyahu's main challenger from the right is a subtly Iran-architect-cum-lobbyist Henry Kissinger, a top prime minister Meirav's brother. Shohak's established media hope the long campaign will shore up his political message. "Shohak is a man who has met a lot of people who have barely had one day as an ordinary citizen," says Yossi Beilin, a former Labour minister. "I am not prepared to take the risk, just as no one would be prepared to be a passenger in an aircraft I was piloting before he had learned to fly."

Netanyahu, inevitably, remains a formidable contender who is often seen as more popular with the people than he is with other politicians. The voters still have four months to decide.

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WORLD ISRAEL

A military campaign

Call it the battle of the paratroopers. All three leading candidates for prime minister in Israel's May 17 election—Binyamin Netanyahu, Shaul Barkat and Amnon Lapid-Shohak—were four sons and red berets in the country's legendary special operations units. All of the in-fighting, together or separately, mirror of the most successful Israeli paratroopers of the 1970s: rescuing hijacked airline passengers overseas, snatching Beirut, kidnapping human intelligence officers. And despite the Israeli election date, all three have already begun to wage military-style campaigns—which in Israel means lightning attacks, staying quiet on your feet and fighting dirty when you have to.

Shohak, who only thing up his chief of staff's uniform in December after six months leave, fired the first salvo at a press conference last week, launching his much-misquoted bid at the head of a new centrist party. "Netanyahu is a danger to Israel," he declared. "Netanyahu must go." The prime minister responded by accusing Shohak of the kind of "incitement" that roiled with the assassination of Labour prime minister Yitzhak Rabin in 1995. Shohak's broadside, commented political analyst Meirav Shohak in the popular daily *Ma'ariv*, defined the essence of the election. "It is not a struggle between ideologies," he wrote. "And a reminder, a very personal one, at the center of which lies Netanyahu's personality."

Netanyahu, 46, was forced to go to the polls 18 months early after losing his parliamentary majority and for letting the trust of many of his own Likud party members and MPs. After struggling to build a new-party coalition of

right-wing and religious parties together for two and half years by trying to please all of the people all of the time, he ended by pleasing none of the people none of the time. The Wye peace agreement, signed with Palestinian leader Yasser Arafat in Washington in October, was the last straw. To the nationalist right, its schedule of troop withdrawals from the West Bank was a betrayal of the Jewish claim to all of the ancient homeland. But when Netanyahu tried to appease them by delaying a second protocol, the opposition, which backed Yip, riding up its parliamentary safety net and all sides agreed to hold new elections.

Both Barkat, 56, and Shohak, 54, contend that they alone can topple Netanyahu. Labour's Barkat, another ex-head of staff and himself most decorated soldier, projects himself as the head of a party that has ruled the country for 30 of his 50 years of independence. He has served his political apprenticeship—albeit a crash course—over the past four years as parliamentarian, minister and opposition leader. He has made some early swing moves—such as declaring that if he were born a Palestinian he would probably have joined a terrorist organization at some point—but he has lately sounded more confident with every speech.

The religious Shohak may be the spoiler. He turned a widow into a spouse, vied above all by Bibi's ex-wife Leah, and to split the left



Shohak, governing Israel not to split the left

WORLD NOTES

CHAOS IN SIERRA LEONE

The attack of people led Freetown, capital of the west African nation of Sierra Leone, as rebels stormed the city in the latest chapter of an eight-year civil war that has left nearly 10,000 dead. The insurgents rejected a truce proposed by elected President Ahmad Tejan Kabbah and vowed to battle West African troops defending Kabbah's government.

CANCELLING DOOMSDAY

Israel issued deportation orders against 14 members of a Darfur-based doomsday cult known as the Concoment Chinkans. Officials said the group intended to provide violence in Jerusalem as the year 2000 approached, possibly by assassinating a leading political figure. The cult believes a massive upheaval could usher in the second coming of Christ.

SAMARANCH DENIES BRIBE

Saying he is routinely presented with gifts, International Olympic Committee president Juan Antonio Samaranch claimed he did nothing wrong by accepting revenues worth more than \$2,000 as part of Salt Lake City's winning bid for the 2002 Winter Games. But two top officials of Salt Lake's organizing committee resigned amid reports of payments to IOC members, including a \$450,000 U.S. scholarship fund for relatives.

IRAN ARRESTS AGENTS

In a new admission of official graft, Iran detained an unspecified number of intelligence ministry officials over the slayings of the dissident writers and politicians. The five, killed late last year, were all critics of the regime's hardline clerghy. While Tehran claimed the agents were working for foreign governments, the arrests were clearly part of the power struggle between moderate President Mohammad Khatami and the conservative militia.

BUSTED IN NICARAGUA

Six Canadians were charged with drug trafficking after Nicaraguan police raided what they said was a massive marijuana plantation. Only Paul Wylie, 45, of Burlington, Ont., was held in jail, but the government said it may seek extradition of the five other Canadians said to be American. The group, believed to be growing industrial hemp for marijuana, had government approval.



A ROYAL WEDDING:

Prince Edward, the youngest son of the Queen, poses with fiancée Sophie Rhys-Jones in London after announcing their engagement. The couple's five-year romance began when Rhys-Jones, a public relations expert, handled the publicity for the prince's charity tennis match in 1993. In contrast to the high-profile reputations of his two brothers, Edward wants to hold a smaller family wedding this summer. Many of Britain's acerbic royal watchers predicted that his marriage, like those of his sister Anne and prince Charles and Andrew, would end in divorce. Edward amiably disagreed: "We are the best of friends," he said, "and we happen to love each other."

A UN spy scandal over Iraq

A U.S. and British jet fighters continued their hunt for Iraq planes in the air, Iraq's Iraqi Saddam Hussein appeared to secure a major political victory over its insistence when it was revealed that United Nations weapons inspectors had spied on Iraq. U.S. officials admitted that American agents, working with the inspectors, had installed sophisticated espionage equipment in the very heart of Baghdad's security apparatus in Baghdad and interlocked coded radio communications for almost three years. According to the *Annexes*, the UN team agreed to install the equipment when it became apparent that they would have to use covert methods to determine where Hussein's cache of chemical

and biological weapons might be found. The revelations, which first appeared in *The Washington Post* and *The Boston Globe*, drew a wedge between the United States and the UN Security Council, which is increasingly divided over whether to hit hard sanctions on Iraq. U.S. officials are concerned that Iraq's friends on the council, such as Russia or China, could use the spying controversy as an excuse to try to end the economic embargo against Iraq. First, meeting in Baghdad to discuss Iraq, meanwhile, sought to clarify the disclosure under a public relations bonanza. It called on UN Secretary General Kofi Annan to reassure all American and British UN employees from the country, telling them "spies and saboteurs."

Hoop dreams resume as the NBA settles

The National Basketball Association finally ended a player lockout that shut down the game for 13 weeks. NBA owners and the players' union agreed to a \$1.2 billion (\$1.2 billion) in annual revenues \$5 to \$5 in favor of the players while placing a \$1.4-billion cap on salaries. Stars who already make more can get 100 per cent of their previous year's pay, while rookies' maximum wage is now \$250,000. The deal was struck only after the league cancelled the first 32 games of the season, play will resume on Feb. 8. For the Vancouver Grizzlies and Toronto Raptors, the priority is winning back fans. "It's going to take time," said Vancouver forward Scottie Barnes.



D.G. Jewellery's Jeff, Josh and Dan Berkohts, their stock took off on news they had launched a Web retail site

Business

A WEB OF GOLD

BY JENNIFER HUNTER

Internet retail is in a frenzy, but will the bubble burst?

On the morning of Wednesday, Dec. 28, 46-year-old Jack Berkohts did what he usually does when he is vacationing at his condo complex in Miami Beach, Fla. He turned on the television to watch the cable news network CNBC, then settled back in his chair. At the bottom of the television screen, CNBC was flashing an electronic ticker tape noting stock prices. Berkohts saw the stock symbols UOBD (United Online, Australia) and THOO (Yahoo Inc.) flicker by, then he saw DGLF, the NASDAQ symbol for his own Toronto-based company, D. G. Jewellery of Canada Ltd. "It was showing 7%," Berkohts recalls. "I thought there must be a mistake." Earlier in the week, D.G.'s shares had been trading at \$3.50 (U.S.) and Berkohts couldn't figure it out. "So I picked up my phone to let my wife and I know there were 20 messages." Most of them were from U.S. investment bankers thanking him for making money for their clients. "I sat there stunned, absolutely stunned," he says.

By 7 a.m., D. G. Jewellery had flown to \$8.50 and Berkohts' own

broker began to get caught up in the enthusiasm, believing the stock could hit \$35. The reason for all the delirium about a hitherto unknown jewelry manufacturer and wholesaler? D.G. had just announced that it would market its rings, bracelets and necklaces over the Internet. The shares were then swept up in the euphoric trading of stocks of companies selling goods and services on the Web, a craze that has gripped U.S. financial markets since the late fall. Berkohts had no idea when his company made the news release at 8 that morning what the impact would be. "I thought the reaction was insane," he now says. "I've used other press releases about my company that should have taken the stock to \$20, but there was never even a blip. This time, all I did was say we were going on the Internet." He pauses, chuckles, then adds facetiously, "I'm looking now to make more Internet-related announcements so neither how important they are."

It does seem that anything mentioning of the Internet can drive investors wild. Shares of companies that no one ever heard of before have doubled or even tripled in value, companies such as Bakers Dozen Inc., a Riverside, Calif., outfit that is selling motorcycle parts on the Internet, saw its stock jump 167 per cent to \$6.84 on Dec. 29.

RIDING THE E-TAIL WAVE

Lately, more and more companies are deciding to peddle their wares on the Internet. Interest in these new Web merchants has sent NASDAQ stocks soaring.

Active Apparel Group Inc.



SOURCE: BLOOMBERG FINANCIAL SERVICES

D. G. Jewellery of Canada Ltd.



SkyMail Inc.



SOURCE: BLOOMBERG FINANCIAL SERVICES

and the Royal Bank, which has just bought a small U.S. Internet stockbroker, Bull & Bear Securities of New York City. Perhaps the best example of the extent of Internet fever could be found in news last week that a Luxembourg-based company operating a Web site called Jensei300.com plans to go public. The company's feature, Captain Jensei's Green Machine Holdings, Inc., hopes to use convert the online sales of religious merchandise into meaningful profits.

Some market watchers wonder when the stock mania will subside. "I don't think it can continue indefinitely, but when it will stop is anyone's guess," said Broadhead. The true skeptics make comparisons to the Dutch tulip bulb craze in the 1630s, when Netherlands' passion for the then-exotic bulb pushed prices to ridiculous heights before the market crashed. Others point to contemporary examples, including KTEL International Inc. of Minneapolis. Investors swooned over KTEL after it announced in early December it would sell music over the Net, but two weeks later, NASDAQ threatened to delist it because the company did not have adequate assets.

"It's a very dangerous time in the stock market," cautions John Tillingdale, a specialist in e-commerce who teaches business at the University of British Columbia in Vancouver. "We're seeing stocks that are very overvalued and based on pure speculation." Jim Carroll, who coauthored the Canadian Internet Handbook, argues the e-commerce stock had "deflated logic." He's concerned that within the year there will be a major crash of Internet stocks and that will lead to a significant sell-off.

There are signs that enthusiasm is seeping into the market. Prices of some stocks have already come down. Charles Schwab shares fell last week by almost four per cent when the market decided that valuations of it and other online brokers were over the top.

Still, appetites continue to be fed by the Web's expansion in a mass retail market, a phenomenon now known as "e-tailing." James McHenry of Cambridge, Mass.-based Frontier Research says U.S. Christmas sales over the Net were \$2.5 billion, and 2.2 million American households shopped the Web for the first time during the fourth quarter of 1998. "Internet commerce has tripled this year," he says. "There is no other industry that can say that. This is a big deal and it will continue to grow." He figures e-commerce will amount to more than \$400 billion (\$1.5) by the year 2003. David Picard, senior vice president and head of e-commerce practice at Boston Consulting Group, says a study by his firm and shop.org, a trade association for online retailers, shows revenues of Web retailers were more than \$21 billion in 1998 and are growing in North America by 200 per cent each year. The big success trend, however, goods and e-commerce.

In the United States, AOL reported Christmas sales of \$3.2 billion were made over its Internet service. But the phenomenon has not yet taken hold in Canada. "The market is not as mature in Canada as it is in the United States," notes Stephen Barlow, managing director of ADL, Canada. Only 10 per cent of Canadian households—1.6 million—own an online access, compared with 28 per cent of U.S. households. And while companies such as Zeller's and Canadian Tire operate Web sites, there are few Canadian sites that offer the same ease of shopping as American ones. "In Canada, we've been slow in making attractive Internet offerings," says Picard. "We are really very

BUSINESS

backed on our e-commerce sites and it is going to be hard to catch up." Peacock cites the case of book retailer Barnes & Noble. It spent millions trying to catch up to Amazon but it's still marginally behind. That is a cautionary tale for Canadian retailers. If the selections and features on the U.S. sites are better, Canadians are already demonstrating that they will go there. Amazon.com is already one of the biggest book sellers in Canada.

The same goes for stock market plays. The Internet frenzy in playing out on U.S. exchanges, not Canadian ones. For instance, Bid.Com International Inc., a Toronto-based online auction house listed on the Toronto Stock Exchange, has not seen anywhere near the wild price appreciation of companies such as E.B. Jewellery that listed on NASDAQ despite the fact its sales have grown from \$32 million (Cdn) in 1997 to \$60 million by the third quarter of 1998. Last Wednesday, shares of Bid.Com (on which Rogers Communications Inc., the owner of Maclean's, is a minority shareholder) rose 65 cents to \$5.50 (Cdn). But the 15-percent increase paled against the dizzying rise of the U.S. counterpart eBay, which shot up 22 per cent to \$285 (U.S.) the same day. Compared with its NASDAQ competitors, Bid.Com's president Jeff Lyubliner allows that his company is probably viewed as undercapitalized. "Being the only e-commerce player on the TSE, it has taken us a while longer to develop a following. The volatility of NASDAQ is very, very many times greater than the TSE," Lyubliner comments. "NASDAQ is probably where we should be."

Jack Berkowitz is certainly glad his company, listed on the Boston Stock Exchange and NASDAQ, rather than the TSE—the company never had that much attention in its 30-year history. After its \$9.50 high, the stock closed the same day at a reasonable \$5.50, a level Berkowitz is happy with. The idea to set up a Web site had been around for years, but it was he, who works as an account manager for D.G. and 25-year-old Dan, who eventually hit the job as ScotiaMcLeod investment banker to help D.G. go online. They believed the family business—which sold \$57 million worth of jewelry last year, mostly in the United States—needed to keep up with the times. "The two women have their old way of business because he wasn't on the Internet," jokes Berkowitz Sr. Now, with all the hoopla, Ben and Dan say they want a raise. Jack Berkowitz will probably agree. Getting into e-commerce, he concludes, is one of the best things that ever happened to his company.

By JOHN SCANVILLIO in Toronto

Deirdre McMurdy



Figures on the margin

The term "aggressive accounting" used to be an euphemism. In the past, members of the accounting profession were viewed as principled, prudent, moral and audited financial statements were considered as gospel.

Things are no longer that simple, however. Technology, globalization, complex financial instruments and a wave of mergers, combined with intense, short-term performance pressure from a stock market community, have profoundly reconfigured the way that business is conducted. Those changes, in turn, have altered the way that companies approach their financial statements.

In two recent Canadian business failures—Livent Inc. and YBM Magix International Inc.—"irregular accounting practices" are cited as the reason for continuing investigations by regulators and law enforcement officials. In the United States, the Securities and Exchange Commission has just launched an accounting crackdown that targets several big-name, blue-chip corporations. On Dec. 25, the SEC filed fraud charges against W.R. Grace & Co. It is also reviewing the books of Seaboard Corp., Livent and the direct marketing conglomerate Conquest Corp.

While most investors depend on the integrity of the profession's Generally Accepted Accounting Standards and Generally Accepted Accounting Principles, which remain a highly subjective aspect, and with unprecedented market pressure to produce a steady stream of earnings and income growth, many companies are sliding closer to the edge of GAAP and, increasingly, going over the edge.

According to Michael Bebea, a partner at the forensic audit firm Arthur Andersen Macdonald Chartered, there are several methods of "managing" financial results to provide that all-important appearance of continuous profitability. In the case of corporate acquisitions, for example, the amortization period for the new "investment" can be extended. Financial technology, in particular, "perpetuates" questionable accounting" may be liberally interpreted. Although

a project or contract is supposed to be finished before the revenue is recorded, it can be hard to tell exactly when a sophisticated product or service is complete, says Bebea. Corel Corporation ran into trouble in 1996 when it booked sales revenue, since software products were shipped to distributors. Complications ensued when the unpaid goods were returned.

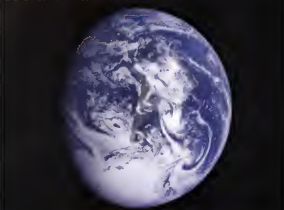
Another grey area is the capitalization of research and development. The rules only allow companies to capitalize costs that they can recover in the market, but income can be easily bolstered by expanding the range of "costs." Restructuring charges, which have soared in size and frequency this decade, have become the most popular method of smoothing over rough spots.

When it recently announced the layoff of thousands of workers, Canadian National Railway Co. also announced a \$500-million write-down in cover related costs. Last week, Royal Bank/Shell announced a \$4-billion restructuring charge.

This sort of accounting has been ransacked by certain other companies to stabilize one-time charges in ways that are hard to detect, providing a greater pool of reserves that can produce "surprise" profits at a later date. In a time of great volatility, capital markets are exceptionally focused on earnings performance. That means company management is encouraged to present any problem as contained and qualified by a single hit to earnings. "If the market goes to the beach, the problem is ongoing, it will hammer you," says Bebea. "It will damage and target a one-time charge."

Auditors are supposed to be the early warning system for shareholders, alerting them to any material deviations from GAAP. But in addition to contending with the rapid pace of change and the pressure to audit the accounting envelope, their function is inevitably fraught with conflict. Auditors, like credit raters, are paid by those whom they are retained to review. That means that rather than looking at audited financial statements as the source of information on a company, investors should view them as a tool. And even then, even before, when it comes to earnings, Super Beware.

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BUSINESS

A brilliant debut

World currency traders greet the euro with glee

It was a quiet way to cap a crowning moment in European history. During a ceremony in Amsterdam marking the first day of trading in Europe's new common currency, the euro, European ministers skipped Dutch finance minister Gerrit Zalm with two pies in the face. Their complaint was that the poor have been hit even harder by the budget cuts to clear the way for monetary union. But the protest was a far cry from the mood in world markets. "Europlandia" was the way gamblers described the early reaction in currency traders, who immediately pushed the euro more than two cents above its opening level of \$2.46 (U.S.). The start was certainly sweetest, says Tom Courchene, an economist at Queen's University in Kingston, Ont. "There will be growing pains, but so far it's astounding."

Consumers in the 12 countries that have adopted the euro—dubbed "Euro-land"—can use it for credit card transactions or cheques that euro notes and coins—many of them made by Fort Saskatchewan, Alta.-based Western Coin—will not hit the streets until 2002. Even so, boasters are already touting the euro as a match for the U.S. greenback.

Canada is benefiting, too. The introduction of the euro, along with rising oil and natural gas prices, helped to push the Canadian dollar last week to a high of 66.39 cents (U.S.). Currency traders who have dumped the euro's local currency for the euro are buying Canadian dollars to diversify their portfolios, says Barry Weinstein, head of global foreign exchange for the Bank of Nova Scotia. The loonie also rose on the trading for futures

of the U.S. dollar, which was dragged down by such developments as President Bill Clinton's impeachment trial and the decision by several central banks to sell some of their U.S. dollar holdings in favour of the euro. The Canadian dollar ended the week at 66.08 cents (U.S.), an increase of almost two cents since Dec. 30

of the validity of the exchange rate. "The bottom line," says Courchene, "is we need greater exchange-rate stability."

Critics argue that any monetary union would force Canada to surrender too much of its economic sovereignty. A fixed exchange rate, they say, would not only make Canada more vulnerable to currency speculators, but would eliminate the cushion the economy needs when conditions change drastically. "Anyone who thinks there will be a North American currency is dreaming," says John McCallum, the Royal Bank's chief economist and a leading opponent. "I don't think it would fly, and I don't think it should be attempted."

U.S. interest in a monetary union could mount if the euro threatens the dominance of



The euro's unveiling has reignited a debate among economists in this country about a North American common currency. Canada is more dependent on the U.S. economy than any of the European Union countries are on one another, says Courchene. As that economic integration intensifies, he argues, the pressure to accept a common currency or a flexible exchange rate with the U.S. dollar will increase. By some estimates, more than half of Canadian manufacturers and exporters already price their goods in U.S. dollars, partly because of

the U.S. dollar. Ted Weinstein says the EU will face huge hurdles to clear, such as improving labour mobility and harmonizing taxes. And conflicts between the European central bank and the countries' legislatures governments are a real possibility. By week-end, that reality was taking hold as traders sold the euro's local dollar at \$1.35 (U.S.). "It's easy to get caught up in the euphoria," says Weinstein. "But that real hard work lies ahead."

JOHN SCHOFIELD

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*See Source: Standard & Poor's Fidelity Investments 1998



WHERE 12 MILLION INVESTORS PUT THEIR TRUST

KOSICH FIGHTS BACK

Former Edo's CEO George Kosich is suing the troubled department store chain for wrongful dismissal and breach of contract, claiming a total of \$11 million in compensation, including \$3 million in stock options. The veteran retailer, who left his post as president in the May in June, 1987, to guide Edo's restructuring, charges that he did not resign, as company executives announced, but was terminated on Sept. 30.

SUN TAKEOVER COMPLETED

Comstar Inc. completed its takeover of Sun Media Corp., saying that more than 99.9 per cent of Sun Media shares had been tendered to its Dec. 14 offer of \$680 million. Comstar's offer of \$2 a share left a bid from Toronto Star. But the Montreal-based publishing giant then said to Toronto Star Ontario papers, including The Montreal Star, for \$250 million.

MONEY FROM HOME

U.S. telephone giant AT&T Corp. will provide \$800 million to help its Canadian affiliate enter the local phone market; job complete and final bids for the majority stake held by three banks. The Canadian operation, which will be named AT&T Canada Corp., also announced the retirement of president Bill Conner, who will be replaced by AT&T veteran James Meenan.

USER FEE PROTEST

A study commissioned by the Ottawa-based Alliance of Manufacturers and Exporters charged that federal government user fees that companies pay are a hidden tax that have cost the economy tens of thousands of jobs. Ottawa said it is planning to review a wide range of fees, which, for example, included a slip for re-insulating a Lake Superior even though there is no icebreaker on that Great Lake.

DRAINSKY'S NEW JOB

Auto parts importer Frank Dransky has been embroiled in the impressive Frank Dransky as a consultant for his amputee partner near Los Angeles. Dransky will provide "some advice on the entertainment aspects" for the company, said a Magna International Inc. spokesman. Dransky's former company, Luvet Inc., is under bankruptcy protection and Dransky is facing lawsuits alleging fraud.

Battered by a PR storm

As departments of Air Canada will report to top management in the next few weeks with possible solutions to a host of problems that turned a stormy situation at Toronto's Pearson International Airport into a public relations disaster for the airline. The review will deal with issues ranging from poor communication with passengers to decisions on canceling flights and procedures for plane crashes. On Sunday, Jan. 3, the airline's storm seemed to be over. The airline's United States and the United States, only 20 of 600 scheduled Air Canada planes took off from Pearson, and it was three days before operations returned to normal. While Canadian Airlines posted bulletins and informed its passengers of delays and cancellations as early as Sunday morning, Air Canada passengers waited hours or even days for the same kind of information. With about 60 of its 600 daily flights



Swelling crowds in Toronto frustrated and furious

ruined through Pearson, Air Canada did have many more planes than Canadian to get off the ground. But clearly, improving what the airline calls "passenger handling" is a priority. "Our customers' biggest frustration was not being able to understand if their plane was coming," said John Hamilton, spokesman for Air Canada. "Maybe we should have cancelled outright."

port," she said. Among her recommendations, Stronberg, 39, says that the patchwork of provincial regulatory bodies and rules covering financial services should be replaced with one national regulatory body addressing more protection. (Fund companies should also provide information in plain language on issues such as fund management fees, which can significantly erode overall returns.) The report also calls for one national self-regulatory body to supervise those who sell mutual funds or stocks.

Fund watchdog urged

The mutual fund industry's runaway growth has left regulators overwhelmed and, in some cases, ineffective. Toronto securities lawyer Gioranna Stronberg wanted as part of the federal government's plan to reform the industry. She wanted the Ontario Securities Commission announced Stronberg's resignation as a commissioner after eight years. But the timing has nothing to do with the release of her report," she said. Among her recommendations, Stronberg, 39, says that the patchwork of provincial regulatory bodies and rules covering financial services should be replaced with one national regulatory body addressing more protection. (Fund companies should also provide information in plain language on issues such as fund management fees, which can significantly erode overall returns.) The report also calls for one national self-regulatory body to supervise those who sell mutual funds or stocks.

FINANCIAL OUTLOOK

Canada's unemployment rate was 8 per cent in December, unchanged from November. Employers had laid off 24,000 people during the month, bringing the total number of new jobs created in 1998 to 449,000—the best growth in 10 years. Last year's growth was dominated by growth in part-time work, which rose by 5.3 per cent, while the number of new full-time jobs increased by 2.7 per cent. Youth employment grew by seven per cent—the best showing in 20 years—though the jobless rate for young people remains high at 14.4 per cent.

Canada's strong performance still paled in comparison to U.S. unemployment. The jobless rate there fell 4.3 per cent in December from 4.4 per cent the month before. Unemployment for the

year averaged 4.5 per cent, the lowest peacetime rate since 1957.

"The steep drop in unemployment removes pressure on the Bank of Canada to raise rates, and it clearly is a supportive factor for the Canadian dollar,"

—Nesbitt Burns

"While we still expect increased corporate caution to lead to a much slower pace of job growth through this year, 1999 could prove to be better than anticipated."

—Scotiabank

UNEMPLOYMENT	
U.S.	8.2%
Canada	8.2%
U.S.	8.2%
Canada	8.2%
U.S.	8.2%
Canada	8.2%
U.S.	8.2%
Canada	8.2%
U.S.	8.2%
Canada	8.2%

Source: Statistics Canada



Peter C. Newman

Corporate leaders also should face the music

In the maelstrom of sex, lies and videotapes that add up to Bill Clinton's current scandal, I am haunted by one presidential phrase: "I have nothing else to say." Clinton said it at one point during his several depositions, "except that I don't disagree with anyone else who wants to be critical of what I have already acknowledged was undeniable." You know politicians are lying when they use triple negatives in one sentence.

As usual, the CBC's Royal Commission, Air Force had the last word. "The Clinton allegations are one more time," one of the country's most famous politicians predicted, "we'll have to make him an honorary Canadian." But chance. Our own politicians, on account, always tell the truth, the whole truth and nothing but the truth (Sara Davidson, the American TV pundit, recently pointed out that Clinton follows that rule, except that he thinks it refers to three different versions of what actually happened).

In the vortex of those terrible months in the mid-1990s when Mulroney ministers were resigning and being fired for dishonesty of various degrees, I remember writing in this column: "Clinton's mood has been so poisoned that even when cabinet ministers admit they're lied, nobody believes them." That's not true of Clinton today, mainly because there isn't enough happening to be about.

In the political world of 1998, so everything is so messy. There's just one unacknowledged exception: the way that Clinton's Political Friends of Brian Tobin standing by so recent his leadership bid. The young and transparently ambitious premier of Newfoundland is crosscutting the country, building a series of "Evenings with Brian Tobin."

One such event in Vancouver recently was hosted by such local bigwigs as Ron J. MacDonald, CEO of the B.C. Council of Forest Industries, John Dinning, CEO at Genus Capital Management Inc., and Prem Singh Verman, partner-owner of Jack Frost Forest Products Ltd. At the Dec. 30 dinner, Tobin's mood was served instead of Newfie cod, but the talk was mostly about serious issues. None of the guests, who represented an impressive cross-section of the Vancouver business establishment, had any reason about why they were there. And they came away mighty impressed.

Now that the bank mergers are history it might be appropriate for at least one of the Big Five to re-examine his leadership. Al Flood, who first joined the Canadian Imperial Bank of Commerce in 1951

as a 16-year-old messenger, has had a record of failure—he is the Canadian banking version of Joe Blatnik, the cartoon character in the *Li'l Abner* strip who moved with a black cloud hovering above him wherever he went. Flood floated steadily through the Consumer Affairs and, in 1974, was appointed senior executive and then general manager for Latin America and the United States, part of the climax of the Third World credit crunch. At that time, the bank was making money loans to Brazil, Mexico and Argentina—loans on which he had eventually lost \$1.7 billion.

He was then promoted to head the bank's U.S. division at the height of Wall Street's leveraged buyout phase, when the Commerce was often on the wrong side of the wrong deals. Then came the coup de grace. Called back to Toronto head office, Flood was

given the bank's most sensitive job—president of the corporate bank. In that job he distinguished himself by turning the Commerce into the lead bank for the Richardson brothers' real estate empire, one of the biggest Canadian business failures. When it turned out that the Richardson empire had no clothes and that the Commerce bank had apparently been granted without adequate examination at the brothers' dubious debt-equity ratios, Flood's decision eventually cost his bank \$1.2 billion in bad loans on that account alone. "I take full responsibility," he said at that time, adding that his experience would help him avoid mistakes in the future.

Following the Commerce's twisted logic, the next job was to head the bank's U.S. division. Flood was the obvious candidate to head the whole bank. In 1982, he was accepted chairman and CEO. His main contribution in the top slot has been a major push of the Commerce into domestic trading, which is the banking equivalent of hunger foraging. His other big move was to pay \$200 million for CIBC's division in the U.S. and to pay \$200 million to the Commerce to get \$200 million in its first year.

By last fall, after 16 years at the Commerce, Flood's record was once again unique. It was the only one of the Big Five to show an earnings drop—down 33 per cent from 1987. The Commerce's fourth-quarter profits were down an astounding 91 per cent, most of it lost in derivatives and global markets. The Dominion Bank Rating Service downgraded the bank's long-term debt from "stable" to "negative." From 1989, when he was president for government at the Ontario Municipal Employees Retirement System, one of the CIBC's top five shareholders, publicly complained about Flood's inadequate explanations of precisely what had gone wrong.

Now that the possibility of the Commerce's assets being folded into the much more stably managed Toronto Dominion Bank, under Charles Balfour has vanished, there is no excuse left to keep Al Flood in his palatial office on the fifth floor of Bay Street's Commerce Court.

With the bank mergers off, there is no excuse left to keep the CIBC's CEO, Al Flood, in his palatial Bay Street office

Sorry, wrong planet

Satellite phones are linking the corners of the globe at a cost that is sky high

BY WARREN CARAGATA

Maurice Rongier gets a lot of voice mail. Sometimes he has as many as 25 messages waiting when he arrives for work at the Montreal headquarters of Indian Canada Communications Inc., where he is the firm's president. But a message on the morning of Dec. 16 from Bernard Voyer stood out. Voyer, a Quebec adventurer and acquaintance, had called during the night from Africa. He was on Mount Kilimanjaro in northeastern Tanzania, 4,600 metres up and planning his final assault on the summit. "He was at the foot of an ice field and looking out at a magnificent view across the African plains," Rongier said. Instead of logging the usual non-usable satellite phone with his got. Voyer was using a hand-held phone that routed his message along a network of Indian satellites and a ground station in Arizona before connecting to the traditional phone system. "He said he was holding a little note in his hand," Rongier boasted.

Such "900 numbers" are going to become more common as telecommunications companies race to launch so-called constellations of satellites to handle an exploding demand for communications services. Indian, a joint venture led by Motorola Inc. and phone companies around the world, is the first to be given approval with its \$7-billion constellation of 96 satellites in low-earth orbit 780 km above the earth. That about 10 systems are now on the drawing boards, providing everything from voice and fax services anywhere on the planet, to constellations like TeleMobile, launched by Motorola chairman Bill Gates, which intends to have 288 satellites in low-earth orbit by 2002, offering high-speed data, Internet connections, Ocean Link, a London-based firm, expects about 17 million subscribers for its various services by 2007, generating revenues of more than \$7 billion.

Indian, backed in Canada by phone giant BCE Inc., which owns 66 per cent of Indian Canada Communications, is seeking almost a year's match on its competitors, which will come first from the 48-satellite Globalstar system, promoted by EarthStar and Communications Ltd. of New York City and Qualcomm of San Diego. Globalstar will begin offering service by the end of the year, a claim the firm is already making. The delay illustrates the major risks such companies face: a Zenith-2 rocket carrying 12 of its birds crashed after launching from Kazakhstan, last fall, adding \$130 million to a \$5.4-billion price tag.

Covers use of the big question marks about these networks. The near let for such expensive services appears limited to corporate and government clients, while the investment needed to create global constellations with swarms of satellites is astronomical—\$20 billion so far, according to Devon Sheppard, who will ever become profitable. "This is going to be the real challenge," says George Kordeck, associate director of the Task Force on Canada, a telecommunications consultancy based in Brattleboro, Vt. "You just can't see the end of it."

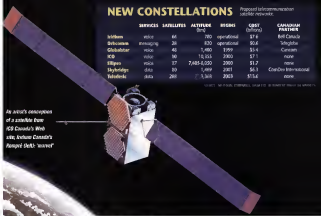
But that risk is not stopping companies from launching additional satellite services. Indian's competition will be rounded out by the end of 2000 when IGO Global Communications has its system of 30 satel-



lites in operation, orbiting at a higher altitude of 10,255 km. At a higher altitude, fewer satellites are needed to provide complete global coverage. IGO, based in London, is a spin-off from the International Maritime Satellite Organization, known as Inmarsat, which has long provided satellite-based mobile phones that employ four satellites at a much higher altitude of 35,000 km. Voice quality is poorer when satellites are at higher altitudes because of the noticeable delay as the call bounces the long distance into space and back to earth.

Indian is spending more than \$4.5 billion in Canada and about \$275 million worldwide to promote its system and run its Big Dipper. Rongier's former competitors, such as IGO Canada general manager Graham Smith, appreciate that advertising "Indian is making people aware of satellite telecommunications and that will help us," Smith says. Indian's marketing will be directed at international travellers, as well as airlines, fishing fleets and resource companies with long-haul operations. Last fall month, the company spent \$69 million to buy Seattle-based Loral Communications Group Inc., which provides phone services to passengers on six airlines worldwide, including Canadian Airlines. Within five years, Rongier expects to have 200,000 phone and pager subscribers in Canada. But, he cautions, "this is definitely not a static market."

Globalstar and IGO have somewhat similar views of the market, although all will trumpet what they see as their own advantages. Indian's hurdles, which customers are only now realizing because of



As world's conception of a satellite from IGO Canada's Web site, Indian Canada's Rongier calls "tower"

SERVICES	SATELLITES	ALTITUDE (km)	HEIGHT	QOSY (billions)	CANADIAN PARTNER	
Inmarsat	voice	10,255	operational	31.6	Bell Canada	
Orbcomm	telemetry	780	operational	90.6	Telefonica	
Globalstar	voice	480	1,400	1999	13.4	Corus
ICB	voice	160	14,125	2000	31.7	none
OmniStar	voice	17	7,485-10,000	2000	31.7	none
Hydrosat	data	10	1,400	2001	31.3	Corus/Cor International
TeleMobile	data	200	1,400	2003	31.6	none

SOURCE: SATellite COMMUNICATIONS, SOURCE: IGO, SOURCE: BELL CANADA

production delays, are relatively large at about half a kilogram, and will initially cost about \$5,000. Air time using the Indian network will cost about \$2.50 a minute for North American calls and up to \$13 a minute for international connections, far more than cellular calls which can now cost as little as 30 cents a minute for cellular service.

The phones from the three companies can also be used as cell networks where service is available. Globalstar and IGO Global both have somewhat simpler technology and smaller satellite networks than Indian and officials at both firms say that will allow them to offer the smaller and cheaper handsets and lower calling costs—benefits they hope will more than make up for Indian's head start. Lower costs will make their systems a better alternative for isolated communities in Canada and Third World towns and villages with no land-based telephone service. "The question is price," says Gordon Mason, editor of *Satellite Today*, a U.S.-based trade journal. "People in the Third World don't have thousands of dollars for a phone." IGO handsets will cost about \$5,500 with calls charged at about \$2.25 to \$2.55 a minute. Globalstar's phones, says Canadian general manager Peter White, will cost about \$2,500 and air time about \$3 a minute.

So who will buy the new services? With mining operations in isolated areas on several continents, Borealis GCM Corp. of Toronto is a likely customer. Karen Sutherland, the company's staff geologist, says Borealis will purchase several handsets for its geologists. Petro-Canada is buying about 25 sets for its staff in Algeria and Tunisia. Brian Breckenridge, the company's Y2K project director, calls the purchase an insurance policy. If the so-called Y2K problems take down the regular phone system on Jan. 1, 2000, Indian will give the company an alternative.

The federal government is looking at Indian for use by the department of national defence and Parks Canada, say officials at the government's telecommunications bureau. The government at could buy a few hundred units, but initial tests were plagued by poor voice quality and dropped calls, says Paul Hayes, a senior official at the bureau. Indian says such problems have been traced out. One Indian believer

in Rwanda Market, the senior park warden at Vanat National Park in the northern Yukon, where neither phone nor radio service is available. When backpacking in the park, Market and his colleagues have no desire to take the much heavier terrestrial phone. Instead, she says, "the greatest because it's really small."

While voice services like Indian have attracted much of the attention, TeleMobile Canada thinks it has found a winner in the Orbcomm satellite system launched by U.S.-based Orbital Sciences Corp. TeleMobile holds 50 per cent of the \$500-million venture, which will never carry a single phone call over its constellation of 28 satellites. Marc Lerner, president of TeleMobile World Markets, the division that holds the equity position in Orbcomm, says he already has 10,000 subscribers who use the system and its two-way messaging service to monitor industrial processes and equipment. One example, a driver carrying frozen seafood in a refrigerated truck equipped with an Orbcomm monitor can be notified by his dispatcher if the refrigeration unit breaks down, preventing a load of spoiled fish. The system can also be used to monitor pressure in oil and gas pipelines. "This is a new way of doing business for a host of industries," Lerner says.

The allure of being able to communicate anywhere in the world—from the rugged trails of Yukon National Park to the top of Kilimanjaro—is undeniable, even for people like Voyer who love to escape to the wilderness. When he reached the summit on Dec. 21, Voyer called his son Yannick back from Africa. "I described the sun rising over Africa and said I would not forget to bring him a little stone from Kilimanjaro," Voyer told Madelon's. "It was fantastic."

But for most Canadians, says analyst Rarid, "we have more telecommunications than we know what to do with." Rongier and IGO's Smith remember the days when who said more than a decade ago that cellular phone service was too expensive. As Indians and its competitors begin their big sell, "the market will wake up," Rongier predicts. After all, he enthused after his call from Voyer, "this is magic." The question remaining for his company, and others like it, is whether the magic of a great technology can actually cover expenses. □

COVER

BY ROSS LAVER

Drawing the future is tricky at the best of times, especially in an age of fickle consumers, ever-smarter computers and ever-shrifter attention spans. By the time many of us discover the latest new fad, fad or pop culture craze, the idea or it is often hopelessly passé. With that in mind, let's look at last year's Hollywood hunk-do-punk? Tickle Me Elmo? Ellen DeGeneres? The food? Online chat? Big over-stuffed furniture? Yellow walls? "Oh, please," to quote the Valley Girl protagonist of the movie *Buffy the Vampire Slayer*. "That's seven minutes ago."

But not all trends are difficult to foresee. Consider these relatively safe predictions for 1999:

Around the world, huge corporations will make with wild abandon, delighting shareholders and endangering tens of thousands of jobs. A critically derided pop group will rocket up the charts, putting obstacles for classic 1970s acts such as the Bay City Rollers. Scenes of otherwise undistinguished firms will add "corri" to their names in a bid to sound technologically hip. Boomers will issue on a new wonder therapy that promises longer lives or better sex. A long-forgotten clothing fad will resurface, fueled by teen fashion maven as the hottest thing since platform shoes. Millions of people will stockpile food and other necessities in fear of the Y2K computer bug, even while experts insist the problem is under control. There will be a run on champagne in the final weeks of 1999, yet many people—sired of the media's fixation on

Peering into the future, Maclean's tracks the trends that will mark the closing months of the millennium

the subject—will profess themselves prematurely weary of the new millennium. Journalists, desperate for something new to write about, will speculate about life in the year 3000.

None of that sounds terribly appealing, neither does the scenario painted by some professional trend-spotters. Toronto-based Martin Goldfarb has been a market researcher since the 1960s, with a consulting practice that now extends to 23 countries. One of the trends he expects to see strengthened in 1999 is a growing lack of commitment on the part of employees to their employers—signifying a backlash to cor-

porate layoffs and a rising mood of impatience among younger employees who do not want to wait around for a promotion. In the future, he says, companies will have to work harder to retain valued staff. At the same time, the rising ratio of females to males among university graduates will contribute to a drop in family incomes, Goldfarb believes, because women will continue to earn less than men, while men will experience higher rates of unemployment.

Goldfarb sees a link between several other likely trends and last year's dramatic fall in the value of the Canadian dollar. Canadians will be travelling less outside the country and buying fewer imported goods. Increasingly, the smartest and most talented among us, particularly the young, will feel drawn to the United States, where the financial opportunities are often greater. "After free trade took effect 10 years ago, thousands of manufacturing jobs moved to the United States or Mexico," recalls Goldfarb. "Now we're entering a new economic phase, which involves the loss of executive, marketing, database management and professional jobs. The deals and the thinking are being done in the U.S." On top of that, the lower Canadian dollar means domestic firms are attractive takeover targets, in 1999 Goldfarb expects a wave of U.S.-led corporate mergers and acquisitions.

To pollster Mickey Adams, the overriding theme at the end of the century is what he calls a culture of resentment—a widely shared belief that technology and globalization are exerting too much influence on people's lives, endangering jobs

and traditional social values. Adams, the president of Toronto-based Envision Research Group, thinks that one of the biggest political trends of 1999 will be an emphasis on shoring up the crumbling health-care system. "If it's a choice between law breaks and throwing more money into health and other essential services, the consensus is going to favour reduced funding," he says.

The high level of taxation, however, means that consumers will continue to feel pinched. For all but the very rich, inflation-conscious consumption is out, replaced by a fierce pragmatism. "People are almost looking at their purchases as investments," Adams says. "They want quality but it has to be at a bargain price." Maclean's department stores, as a result, will be pushed further to the brink in 1999. And rather than buying things, Canadians will increasingly shop for experiences, as the local megaplex or at one of a new generation of urban entertainment centres that offer simulated white-water rafting, indoor rock-climbing and plenty of free parking. "There's a huge group of people who want more intensity—more jobs—in their lives and are willing to pay for it," Adams says.

If last year was anything to go by, all—of the dramatic variety on the stock market and in politics—will be plentiful in 1999. On the following pages, Maclean's offers a guide to some of the year's most lively trends, from the realm of technology to the world of literature and the arts. Watch for them—bearing in mind, of course, that the hottest trend of 1999 will be something that nobody, least of all the experts, saw coming. [E]

WHAT'S HOT FOR '99



THE DIGITAL REVOLUTION

Get ready for the next major phase of the digital revolution, as the technology spreads from computer screens directly to your eyes and ears. This year, virtually every major electronics company will bring to market new televisions, audio systems and other such ubiquitous appliances based on digital technology.

Forecast among these products are various permutations of digital television, which promises superior pictures and CD-quality sound. DTVs were the talk of the masses: Consumer Electronics Show in Las Vegas, Nev., last week. Dozens of models will hit the shelves this year, as well as setting boxes that will enable viewers to receive digital broadcasts on their soon-to-be obsolete analog televisions.

Hybridization television is the best-known version of DTV, but there are now lower-end models that will provide better pictures than the old analog systems. Through the first sets only hit the market last year and are still astronomically priced, DTV is guaranteed to be big. At U.S. venues are already sending out digital signals, and the U.S. Federal Communications Commission has set 2006 as a target date for the complete phasing out of analog broadcasting.

Similarly, digital video disks are about to send VCRs the way of the Betamax. With prices near \$300 (U.S.), DVD players have reached almost the same level of the lower-end VCR. Digital camcorders and camcorders, which can snap images with a computer or digital TV, are likewise encroaching on older technologies. On the audio front, watch for new DTV systems and improved CD formats.

All of this has sparked heated competition for a system to integrate digital appliances and control them with a single remote. The death of analog appears inevitable.



Rearview mirror

Call it a new way to rear-view the white! This year auto makers are reaching into their old stock of designs to update a couple of classics. Ford has unveiled a prototype for a Thunderbird that borrows from models of the late '50s, complete with rounded headlights and a hardtop with pushout windows. GM, meanwhile, plans to start selling a no-nonsense Chevrolet Impala sedan with a V-6 engine by next summer. Even DaimlerChrysler's drives a hybrid of a car and van—the so-called crossover vehicle—drawn on the familiar profile of the old Volkswagen Beetle.

A breakthrough year for the Web

The search for more speed and simplicity will be the key trend fueling the growth of the Net in 1999—a breakthrough year for the Web. Even better computer prices, plus the convenience of faster, simpler connections, will drive more Canadians to the Internet. Until recently, Web surfing was confined to slow dial-up modems, which could take frustrating minutes to download Web images and text.

Now, with broadband connections, the high-speed services offered by cable, DSL and telephone companies, new Internet access for the casual users born on their computers, and allow Web pages to appear in split seconds. Faster connections will really improve the quality of Internet sound and video. And the enhanced services that result, such as videoconferencing with colleagues or friends, will increase the Net's appeal. Only about 22 per cent of Canadian homes are currently connected to the Internet, but that is expected to rise to 30 per cent this year, according to Toronto-based consulting firm IDC Canada.

The real breakthrough in making the Internet a mass medium will come with the spread of more user-friendly computers. The popularity of Apple Computer Inc.'s iMacintosh, easy-to-use Mac will prompt PC makers to introduce similar, plug-and-play personal computers. In 1999, analysts predict, telephone and broadband computers that allow users to send and receive e-mail are already available. High-tech companies are now busy developing "Internet appliances"—small, inexpensive gadgets that will allow using the Web as easy as a phone call. Free Internet service funded by advertisers could also become more readily available in 1999. Koznet Inc., a California-based company, unveiled the idea last fall. Customers would find ads on an online page, allowing marketers to target their ads to certain users.

Flat-panel monitors will be the rage in '99 as their bulky counterpart—the cathode ray tube monitor—slowly disappears. Falling prices will boost sales of the liquid crystal display monitors, which are only a few centimetres in depth. Analysts believe that prices could fall as low as \$200 this year, compared with about \$1,000 now. (Prices for flat-screen TVs will fall more slowly because they are larger and more expensive to produce.) Long-term, flat-panel displays will actually be cheaper than CRT monitors," says K. Y. Ho, president of Toronto, Ont.-based AT Technologies Inc., which makes graphics chips and boards for the computer industry. "That's partly because they're smaller and much cheaper to ship."



HOT CARS:
Daimler Chrysler's new crossover vehicle, the T-Raid with pushout doors.

Merger-mania will gather momentum

In 1998, lead, energy telecoms and media corporations broke all merger and acquisition records in their quest for market share and global clout. What do the M&A trends say for an increase in 1999?

Experts foresee another hot year, marked by more consolidation among energy, telecommunications and information companies. The M&A year will also witness a wave of takeover industries that have been the subject of much talk but no action. Topics on the list include real estate, natural resources and retail—all eyes be on Enbridge—as well as financial services firms. Canadian bankers, however, their eyes to merge, will look to other countries for potential acquisitions and partners. Many Bay Street brokers believe Canada Trust could be sold outright to a foreign bank. Whatever happens, the year will end as long as the economy stays robust: the low dollar will keep companies attractive to foreign buyers, not only from the United States but also Europe.



FASHION GOES UTILITARIAN

Fashion in 1999 is a blend of something old and something new, with nothing too shocking—except the continuity and colour of the colour pink. A brief rundown on what people will be wearing this year:

- Military-inspired clothes for men and women are popular in 1999. Led by the hot trousers style, the khaki cargo, Army-inspired jumpsuits and each shirt, military clothes have been dubbed "prison chic."
- Good news for most women, handbags are still below the belly, and pants don't go to the knee.
- Labels for the year of wild, trends are also in. For men, wearing a check shirt with a check tie of a different colour and pattern is very cool.
- Women's clothes inspired by sportswear will continue to be stylish—short jackets with hoods and zippers, and pants and skirts with drawstring waists.
- Skirties are out, while flat shoes and small heels are in.

Continuing on a recent trend, the latest "athleisure" women from designers—DKNY, PMA, Calvin Klein, Tommy Hilgert, to name a few—with sportswear coming later lines as much as one designer's brand.

Dresses are the hot fashion accessory, showing up in the arms of models in recent runway shows and on magazine covers. High-end designers now have their own, and one of the hottest-selling campaigns in London and New York City this winter is a dupe bag designed by Kate Spade.



HOT FASHION: Stacy Scott, Gucci model, sets the hip body line.

A FEW BETS FOR BUSINESS THIS YEAR

What to watch for in the business world in 1999.

In the wake of failed look-alike, the stakes won't be an option for two of Canada's big bank chains they sought to merge. They will take buy-out packages home by summer.

Media tycoon Conrad Black will make another attempt in his quiet 19-year quest to get his hands on The Globe and Mail. This time he'll succeed, sweeping it with his National Post to create the National Globe Post.



In Washington, Judge Thomas Penfield Jackson will crack Microsoft with a fine for violating antitrust statutes. Bill Gates will plead "innocence and appeal." Then, he will roll out Windows 2000.

The people who are going to move ahead first are those who combine "cyber experience" with "hard skills"—moving computer programming, combined with a knack for retail sales. Computer-savvy young folk with a track record selling less at eBay's will be in hot demand.

Expect an explosion in class-action lawsuits, launched by U.S. and Canadian investors against any company whose stock drops enough to make somebody mad.

A cancer gene from fathers

A gene that regulates cell growth and plays a key role in a high percentage of breast and ovarian cancer cases has been identified by a Houston research team. The gene, dubbed NDC2, has an unusual feature: although people inherit copies from both parents, only the one passed on by the father functions. Scientists at the University of Texas's M.D. Anderson Cancer Center reported in *Proceedings of the National Academy of Sciences* that they discovered a further complication—in 60 per cent of the breast and ovarian cancer cells they studied, the functioning copy of the gene was defective and failed to produce a protein needed to keep cell growth under control. Dr. Gordon Mills, an M.D. Anderson breast cancer researcher and former head of cancer research at the Toronto Hospital, was a co-author of the study. He said the next step would be to investigate using drugs or gene therapy techniques to supply a working copy of the gene to women with a defective one.

NO LONG-TERM PILL ILL:

There is reassurance for the 360 million women worldwide who have used birth control pills. A study published in the *British Medical Journal* concludes that women do not suffer long-term ill effects from the pill's use. The biggest of its kind, tracking 44,000 women over 15 years, the study counters fears that have lingered since 1961, when the pill was introduced. The British researchers found that 10 years after they stopped taking the pill, women had the same chances of death from cancer, stroke and other ailments as women who had never taken it. It was known that women had a slightly higher risk of cervical and breast cancer, stroke and other circulatory diseases while using the pill, but the long-term effects were undetermined.

Combating a common blindness

A Canadian developed treatment that can destroy abnormal blood vessels has shown promising results in combating macular degeneration, the leading cause of blindness in people over 50. In clinical trials involving 600 patients in North America and

Europe, more than half had their condition stabilized and 16 per cent experienced improved vision as a result of the treatment, according to officials at Vancouver-based QLT Phototherapeutics Inc. The treatment—which uses the light-

activated drug VascularVue to destroy leaky blood vessels that grow across the retina—is being developed in collaboration with Duluth, Ga.-based CIBA Vision Corp. Dr. Neil Bressler, a retina expert at Johns Hopkins University's school of medicine in Baltimore, called the results "a significant breakthrough." The company plans to begin marketing the new treatment early in 2000.



Education



Trainers Growell (left), Brad Chelchick, Rob Brown: computer conference

Apprenticing online

Job-site learning joins the electronic age

A 37-year-old, Randy Growell is a certified crane operator with at least 2,000 hours of experience under his belt. But since there has been much talk of high-stress crane operation in small towns, Nova Scotia in recent years, Growell is starting over again as an apprentice boiler operator at Bradstreet Energy Centre in Lunenburg, N.S. To learn his new trade, he has had to outfit himself with a second-hand computer and some Internet training.

This computer skill is all new to him," says Growell, an early recruit to what Nova Scotia Community College calls its virtual apprenticeship program. "But it has a great way of updating your life."

Gone are the days when industrial apprentices could simply pick up the head and eyes in the field by working alongside experienced journeymen in much the same way as their medieval counterparts. As the provinces follow job training—and struggle to find new ways of training out-of-school workers—more and more of the old rules and requirements are being reworked.

Nova Scotia's seven-month-old virtual apprenticeship is a case in point. It will allow those wanting to learn a certified trade—anything from welding to professional cabinet-making—the increasingly important classroom portions of their training at home or at the job site via the Internet, without missing a day's pay. Growell will still have to put in his 2,000 hours on a boiler to earn a journeymen's certificate, but the online courses

will partially allow him to deduct the theoretical portions in class-based classes—instead of just when training for a provincial test.

Other provinces are also eyeing the power of the computer to augment hands-on training. Alberta is in the midst of a two-year project, involving 10 postsecondary institutions, to develop new course components for 30 trades, using the electronic delivery to the job site. And last month, Ontario passed a controversial set of apprenticeship reforms with a similar purpose. The spur in all cases was the federal government's decision three years ago to turn manpower training over to the provinces and to phase out direct role in funding programs as of June 30. The main elements include an increased role for public course delivery by community colleges or private institutions—and the prospect of shifting a larger portion of tuition costs to the apprentice.

In the past, apprenticeship sought out a sponsoring employer and, in some places, paid a modest fee to a college or government agency for their training, while the lion's share of the tab was picked up by the federal and provincial governments. A four-year apprenticeship might cost a trainee \$800, plus travelling and living expenses. The new electronic-based system cut cost nearly \$2,000, at least in Nova Scotia where fees have been set.

Reinforcing has moved from design to actively building. The big automakers such as General Motors say the new law will not change the way they apprentice training in conjunction with their unions. The smaller carparts companies have been quietly raising their hands at the prospect of being able to pay lower, industry-set wages to apprenticeship workers and being able to assign more trainees to that certified worker on staff, one of the "flexibilities" of the new law. Meanwhile, the apprentice-heavy construction trades were exempted from the law at the last minute after a long struggle to remain in the same of the changes. And the Ontario Federation of Labour argued that the reforms will "lead the market with low-skill workers with limited long-term job prospects."

The changes in Nova Scotia have not faced anywhere near that kind of outcry, even from apprentices who will be sharing higher tuition costs they have to bear," says Joe Black, acting director of apprenticeship and trades qualification for the Nova Scotia government, "that most of the courses were centralized in Halifax or Sydney." Even though tuition has more than doubled in certain cases, online learning means a considerable reduction in out-of-pocket expenses for a trainee's first year of apprenticeship. What's more, Black points out that electronic learning programs for industrial skills can be marketed to other provinces. In fact, at a meeting of provincial training directors in November, Black's B.C. counterpart expressed an interest in adopting online learning. "We see lots of opportunities here for sharing," says Black, "for reducing costs and for setting benchmarking standards." Perhaps there is hope, then, for the conforming hand of technology to undo the patchwork of job-training programs that Canadian politics has produced.

ROBERT SHEPPARD

An early test for Alzheimer's

It may be possible to identify future Alzheimer's disease victims years before their minds begin to fail, according to researchers at Manhattan's New York University. Using a magnetic resonance imaging device, they studied shrinkage in the brain's entorhinal cortex—a key memory processing centre—in elderly people who had developed only mild Alzheimer's symptoms. Writing in the *British Medical Journal*, the sci-

entists said that in people with mild symptoms, the cortex was on average 27 per cent smaller than in normal people of the same age. Many of the shrinkage could have led the researchers to say that since it is clear brain changes occur well before the onset of Alzheimer's, it may eventually be possible to identify future victims by using brain scans and start treatment with drugs to minimize symptoms.

Fidget to fight fat

A team of American researchers is right. Fidgeting could be a key to staying slim. After averaging for 15 volunteers to devour 3,000 extra calories a day for eight weeks, doctors at the Mayo Clinic in Rochester, Minn., saw weight gain ranging from 16 lb. to as low as two—and attributed the difference to a "fidget factor." The low weight gainers appeared to be "losing more throughout the day than the others," and underestimating their. Dr. Michael D. Jensen "It could be fidgeting or moving around—or just being a little peace restless." Reporting in the journal *Science*, the doctors said the study seemed to show that men are better than women at burning extra calories without conscious effort—the four women in the study did the least fidgeting.

How cults captivate

A series explores pseudo-prophets' power

KILLER CULTS

These, Jan. 15, 22 and 29
9 p.m. Eastern time

There we'll up in Stephen Jones's follow-ups. It was, he recalls, the babies who died first. "His father, People's Temple leader Jim Jones, ordered parents to ingest their infants with cyanide. 'So, now you've got a baby dying on the floor,'" says Stephen who, at 16, escaped to America shortly before the infamous 1978 Jonestown massacre in Guyana. Once they had murdered their children, his speculates, the adults had no choice but to drink cyanide-laced Kool-Aid. They had reached the point of no return. "Could you watch 200 babies die and walk away?"

The three-part, three-hour documentary *Killer Cults* attempts to explain why 923 men, women and children perished in Jonestown, and why such deadly sects continue to exist. The Franco-German series, which starts on Jan. 15 on Vision TV, chronicles the lives of four notorious prophets: Jim Jones, Branch Davidian guru David Koresh, Shoko Asahara (leader of the Japanese cult Aum Shinri Kyo) and Order of the Solar Temple founder Jo Di Mambro. *Killer Cults* also shows how cult leaders manipulate their followers' minds and ultimately exploit them. The production's greatest strength is its open-mindedness, and its detached approach to the cult phenomenon—it exposes cult leaders and their misguided followers in the same way that a scientist investigates a disease.

Beginning with its first episode, "Rituals of Light," the documentary reveals how cults attract and entrap members. Most use secular fronts to lure unsuspecting people into their fold. Aum gathered recruits by offering yoga sessions. Koresh's right-hand man recalls attending potential members with Bible study groups that quickly turned into indoctrination sessions. Once hooked on the cult, members endure a systematic regime of brainwashing and torturous rituals: from fastings and sleep deprivation to rape and murder. "If the cult strikes when you are weak, you are vulnerable," *Killer Cults* coeditor Catherine Berthiller, 32,

told Maclean's in an interview. "People would come to us and say: 'I have a very important story to tell and I'm sure that you have never heard it before.' Each time, it was the same—it's always the same."

The following episode paints a psychological portrait of the archetypal cult leader by illustrating the similarities between Koresh, Jones, Di Mambro and Asahara. Cult leaders are generally predatory personalities



Jonestown aftermath: cult leaders are either can't see or don't see, but both end up believing their lies

who compensate for their inadequacies by assuage belief and exploiting others. They are either con men out for easy money and sex (as in the case of Di Mambro) or fanatic zealots (such as Koresh) and Jones. Ultimately, all grow to believe the distorted prophecies they expound from the pulpit.

The final episode of *Killer Cults* examines the descent to mass suicide and murder. Death, followers are convinced, is merely a step into greater understanding. And so, 88 Branch Davidians died in Waco, Tex., in 1993, and 38 Solar Temple followers were perished in murder-suicides since 1994. In 1995, Aum followers released nerve gas on a Tokyo subway, killing 11 and injuring 5,000. Japanese authorities believe Aum murdered up to 29 others.

Many of those interviewed by Berthiller and her team were speaking of their cult experiences for the first time. Fear and an

inability to reconcile their nightmare ordeals when they former cult members admit. "Many of the people we interviewed were still terrified," says Berthiller. "Some received death threats. It took Stephen Jones 20 years before he could come forth."

Death threats, sexual depravity, glacial murders—they are easy fodder for TV producers eager to wallow in the sadism that is commonplace of death sects. But *Killer Cults*, its tabloid title aside, avoids sensationalism. Berthiller juxtaposes the objective observations of cult experts with the very subjective tragedies experienced by former cult members. Often delivered with haunting understatement, these interviews portray life before and after a cult, with chilling effect. Like soldiers recounting battle, former followers piece together their cult experiences in a dramatic sense of disbelief. "There were different methods of execution," says "Vic

ness," a former Aum member. "Strangling or stabbing after a wooden altar, most often for spying. Others were killed by lethal injection. There were many spiritual all kinds."

Killer Cults may prove a timely vaccine. Berthiller says cult-related society gives a cult leaders the threat they need to sway followers. In October, seven South Korean members of the Youngsang (Everlasting Life) Church committed suicide. Last week in Jerusalem, 14 devout cult followers were accused of plotting mass violence in order to "bring back Christ." The Order of the Solar Temple currently has 365 members in Europe and Canada. "They say the world is coming to an end and that the only way to save themselves is through the cult," says Berthiller. "More and more incidents will occur, it's just a matter of time."

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Books

Two singers' stories

A pair of Canadian stars open up their lives

On the surface, singers Rita MacNeil and Murray McLachlan have a lot in common. Both are in their 50s and began their careers in Toronto's Yorkville district. Their simple, direct but emotionally powerful songs drew them into Awards and memberships in the Order of Canada. Now, the two have written autobiographies. While both books seem refreshingly honest, their contents are as different

as a small chick. But he lacked nerve enough to "How the heck was I supposed to sing or write about living hard and riding the highs, about the lurid lives of the young women, or the most important, about how you got into it? I'd never done anything tougher than walk down the street to a girlfriend?" he reflects in the book. A hitchhiking trip across Canada changed all that.



McLachlan (left): his autobiography has the raw energy of a beer parlor

as the musicians' styles. If McLachlan's has the raw energy of a beer parlor, MacNeil's has the quiet charm of a tearoom—only with the one who runs back in the Ford on Cape Breton Island.

McLachlan's *Getting Out of Here Alive* (Penguin, \$22) opens in his birthplace of Paisley, Scotland, to which he recently returned with a documentary crew to film a TV special about his life. Rewriting his family home triggered some vivid memories, including his arrival in Canada in 1953 as a five-year-old with a thick accent and a terror left. But his early life in Toronto was unremarkable until the night in 1963 he first heard Bob Dylan on the radio. "I stopped smoking and was never the same again."

McLachlan began hanging out in faded Yorkville, eventually making his debut there

in his departure also sparked his first successful composition, *Chin's Song*.

To his credit, McLachlan never slips into a self-congratulatory recounting of his musical history. Instead, he details how his career suddenly crashed and burned in 2007 with one major, money-losing tour. Still, he bounced back. After several disastrous albums, including *Into a Mystery*, an overblown, cocaine-fueled production by Bob Kania (aka Floyd), McLachlan came up with one of his best, the stirring, heartfelt *Twelve*. Although both his marriage and an extramarital affair were finished, he looked back on his best by taking to the air carrying his pilot's license. He burnt flying, a pursuit that quickly became a passion.

Flying provides some dramatic stories

The building pilot had several near-fatal flights, including one during his 1979 Whangpoo River tour in which he ran short of fuel outside Halifax. And McLachlan writes wistfully about grapes, his crush on Jani Mitchell and how he shared the drug addiction of politician Richard Hatfield, record executive David Geffen and singers Don Towsy and Tim Hardin.

What elevates *Getting Out of Here Alive* above other celebrity autobiographies is McLachlan's candor and insight—especially regarding his divorce and fatherhood. He married to MacNeil's ex-wife, Debbie Debus, with whom he has a teenage son. Debus also has a daughter from her first marriage, McLachlan's ex-girlfriend, a woman who has learned not to take his for granted—which is a good thing considering how he was unceremoniously dumped recently on both the radio-TV talk show *Groupie* after only four months on the job. "He is unpredictable, random, moody and dangerous," he concludes. "You can either shrink away from that because you're afraid to be hurt, or you embrace it because the rewards that it offers are so rich."

Rita MacNeil has also presented. But the Cape Breton singer has faced quite different demons in her life. On a *Present Her Story* Portrait, \$66.95 (see how how MacNeil struggled with sexual abuse, child abuse surgery and weight problems to find her place in the music-conscious music industry. Written with Nova Scotia novelist Anne Simpson, the book looks the intensity of McLachlan's story. Yet still manages to convey MacNeil's true Marlene grin.

The fifth of eight children, MacNeil writes that she suffered teasing at school and abuse at the hands of an uncle. Despite her shyness, she discovered a love of singing. "I sang first because I was compelled to," she writes, "as if it were a form of my spirit." After working to Toronto and having two children, she joined the women's movement by attending meetings and performing benefits for feminist causes. In 1972, she wrote one of her first successful songs, *Burn a Woman*, to protest a Toronto beauty pageant. Yet she continued to battle depression and a dependency on pills and alcohol.

But MacNeil writes that there is "a track and sound." Proof can be found in her description of an interview with the CBC's Eric Muller, during which she showed photographs of her when she was young. "So you were a thick then," Muller remarked. "I'm still a thick." MacNeil shut back. "When Muller asked about her weight, MacNeil said: 'I am about as fat as I can be.' Like McLachlan, MacNeil is a survivor, one who doesn't pull her punches. And both books are embraced by the author's intimate spirit.

NICHOLAS JENNINGS



Not so Good Morning

BY ANTHONY WILSON-SMITH

As the clock wound down on a Good Morning America broadcast last week, co-host Kevin Newman was promoting highlights for the ABC network show the next day. One was an interview with a former host of the program who now anchors occasional specials for ABC. Said Newman, reading from a teleprompter: "We'll have Jane Pauley talking about life after *Good Morning America*." Then, the Toronto native gave a quick grin and broke from the script to add: "I'll have lots of questions to ask her." That much—said Newman later conceded was not spontaneous—drew guffaws from the crew. With good reason, since it marked the first on-air acknowledgement of news that ABC announced two days previously: after eight months as co-host, Newman is leaving the high-profile position to become one of five co-reporters on ABC's late-evening current events show *Nightline*. And reflecting New-

man later: "I can't make life of yourself, someone else will do it for you."

That self-deprecating quality has helped the 38-year-old Newman ride out the highs—and many lows—of the past year. From *American* television have risen higher, faster than Newman. A graduate of the University of Western Ontario who worked as a reporter for Global, CTV and CBC, he honed his hosting skills over two years at CBC's *Mobley*. ABC recruited him in 1994 as co-anchor of its overnight news program, and he rose through a variety of positions. After meeting news for the summer in which he anchored coverage of the death of Diana, Princess of Wales, at the Labour Day week-end of 1997, he was tapped to co-host the revamped morning show.

Now, eight months into the job, that is over. At the same time, ABC announced the replacement of the executive producer and the departure of co-host Lisa McInerney. The pair will be replaced for an unspecified period by Newman's predecessor, Charlie Gibson, and

high-profile journalist Diane Sawyer. But as Newman sits in a downtown Manhattan coffee shop, still rubbing makeup from his face, he said cheerfully: "Sawyer? Not even a few."

Perhaps—but for anyone doubting the multimillion-dollar stakes and take-home-payments nature of the major American networks, Newman's tale is instructive. It also shows what life can be like for a self-described "private person by nature," an introspective Canadian who suddenly found himself front and center on the television scene: the world's most powerful nation—and a society obsessed by celebrity. "The first time you see your face on the side of a New York City bus, it's a huge kick," Newman says. "By the time you can't sleep with your face in a mall anymore because people won't leave you alone, it wears much thinner." Last summer, Newman's wife, former television journalist Cathy Neeves, was diagnosed as having multiple sclerosis. His first instinct, he says, "was to keep the news where it belongs, only in the family." (The couple have a son, Alex, now 12,

and daughters, Erica, 8, and live in a small community in Longhempier New Jersey.) But when a tabloid newspaper said it would publish the news, the family decided to issue a news release describing her condition (which has not shown many symptoms).

When Newman was named last May as only the third male co-host in GMA's 30-year history, the ensuing publicity campaign included the full trappings of superstardom. They ranged from luxury-studio-life lifestyles (Newman in New York City's Times Square in an appearance on *ABC's Larry King Live* in a public in *People* magazine, ABC News president David Westin described Newman as "our face of the future.") The fact that he was a Canadian was not an

"Are there any left?" asked sarcastically, suggesting that he thought ABC had loved them all. Following the charges, the high-ranking GMA staffer in Canadian producer Fiona Conway, formerly of CTV, she has been asked to stay, but in considering other offers within ABC.)

In fact, Newman's notoriety by now is more—because it affected the way he and viewers related to each other. "These are things about America that Kevin simply did not get," says one ABC staff member. Then, there were the small-but-significant differences in personality and word usage, which baffled viewers. Last week, Newman talked about a "biological," his life-in-co-host, Elisabeth Vargas, looked briefly

at Newman. This criticism, Newman conceded, was accurate, "and our faces did not play well to my strengths and background in hard news." He chuckled at some interviewers, recalling, "One day I was interviewing the mother of the latest Loma dog and couldn't think of a question to ask her." A piece in *USA Today* compared Newman and McInerney favorably to their competitors at other networks—especially transmutating NBC, where the ratings for Matt Lauer and Katie Couric are higher than those of ABC and CBS combined. A three-year-old ratings drop of the show continued, and the network's deeply owned affiliate stations, who make huge profits off ratings are high by selling local advertising time on the morning show, were cheering for action.

As well, the network conducted focus groups—with findings relayed to the hosts. "Sometimes," Newman says, "it helps to know when you cut people off it's not because or my act too much. Back's less helpful than what people focus on (what is whether you wear glasses)." Some of the most emotional comments came when Newman was asked from glasses in contact lenses, and then back.

Newman says that two months into the job, "I needed to know that this was not going to go. We were no longer following news; our problems had become the big New York media story of the year." Then, ABC technicians went out on strikes—just as the show was about to go on a cross-country tour to help boost ratings. The trip was canceled. Following that, the New York Post broke the first of a number of media outlets to speculate that Newman and McInerney, a perfect blood Texas native, were leading and not speaking off each other. Newman denies such friction, but says, "We are different kinds of people, and that can make good chemistry. But at the same time, that was the case with Lisa and me."

Despite his understated manner, Newman is known among colleagues for his drive and single-minded focus, and these qualities helped carry him through the recent months.

"The show had the potential to become a show about everyone down with it," Newman says. "I was very determined not to let that happen, and I was a good deal of a team and courage." He says of cohosting stress: "I was never (despite his on-air calm, he gained the kilograms in two months on "chocolate and other awful stuff." Normally a social sipper, he began waking up several times a night before the 3:30 am alarm.

In Dec. 30, Newman was asked to explain about the show's future but became so nervous that he asked for a meeting with ABC officials to discuss their plans. "I told them that if they could not offer me 100 percent support at the job, there was no point in continuing." He was informed that he could remain with the show for up to another year. But it was not that he did not have full support. That left him no choice but to quit.



Conway and the co-host on the GMA set: "We were clear that I did not have full support."

Why ABC's big morning show parted company with Canada's Kevin Newman

myself, then said, "OK, you mean a show." And Newman says he discovered that "anybody in America knows what overeating, overexertion and overexertion are."

In radio matters worse, Newman is not a fan of team sports and his unlikelihood with baseball was too apparent last summer when the country was obsessed with Mark McGwire's and Sammy Sosa's successful pursuit of Roger Maris's home-run record.

Those differences could have been a disarming—or simply warning. Meanwhile, Newman discovered things about his own character and Canadian news. "I'm not a shrink," he says. "My strengths are quiet ones, and they serve me well in the long run—but here, you have to promote your self, and by the way of your life out there for everyone to see. I didn't understand that."

Newman's hometown at GMA lasted, he says, "about three weeks." By then, he'd left the first critical reviews were in from other media, describing the show's lack of interest in interviewing with celebrities and ques-

tion, Westin insisted: "We want the best person for the job."

It seemed too good to last, and Westin's contrasting comments of the news conference last week announcing the shakeup at GMA. Even before Newman's arrival, ABC News already had so many Canadians—led by their biggest star, anchor Peter Jennings—that after employment was suddenly to be cut, letters started for "America By Canadians." Westin was asked whether he would hire more Canadians in the future.

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CHRYSLER
CANADA



TO MEDIA

to be relieved as quickly as possible."

That departure is caused by several factors. One is the move to the critically acclaimed *Alphaville*, in which he was invited by host Ted Koppel. As well, he has two years and four months remaining on his three-year contract with ABC. Although he will now earn less than the estimated \$1 million he made as a co-host, his lowered salary, says one colleague, "will be nearly into six figures."

Another reason for his sagging interest, Newman says, is his appreciation of the depth of creative and experiential undercurrent in so short a time. "If I had a choice of whether to do it all again, I would because only a few people ever live life at that level." Some memorable experiences created around breaking news such as the collapse of the Russian ruble, which took him to Moscow to anchor the show and the ongoing aspect of that proceedings as well as the death of President Bill Clinton. Others revolved around what Newman describes as a "load of Pleasantville costume people like Tim Hutton or Robin Williams or Garth Brooks would suddenly turn a corner and be in front of me in the studio." There, despite his dislike for celebrity interviews, "you're great kids."

Newman is now planning what he calls his "transition period." He has a month off before *Mythbuster*, and knows exactly how he will spend the first week. He will on Friday morning, with his last show behind him, he will leave the studio and go to a barber, where he plans to get his hair "cut real, real short—maybe a buzz cut."

Then, he will get out what he describes as "my sole great extravagance"—a recently leased BMW Z3 sports car—and point it towards Toronto. The trip can be completed in eight hours, but Newman, who says driving "clears my head out," may take five days to do so, while Sarah McLachlan, Pearl Jam and the Bruce Springsteen Orchestra blast from the CD player. Newman will travel alone, while his wife stays with the children; it will be the first full week since university, he says, when "my time is completely unstructured, and all my own."

When he gets to Toronto, his mother, Sheila, a 65-year-old legal adviser who is retiring this Friday and sister Debbie, 31, an investment banker, will be waiting. He will visit friends during the week, and at some point he and his mother and sister will visit the grave of Kelly, his late sister, who died two years ago of a brain tumour at the age of 34.

More than anything, Newman says, the loss of Kelly "taught me what matters in life and what to just do with." And recommending her, he says, will help him take stock of himself. "I've taken 15 years to get to this point, and now I plan to use this month to stop and think about where I've gotten to, and the next stage that lies ahead." When he does, he can look back on a road that has been busy and, recently, sometimes harrowing—but finally over long. □

People

Edited by
TANYA DAVIES

Going public

Down Langstroth has an urgent message for everyone: "I recommend that people get rid of their socks, right, now." Langstroth should know. The 39-year-old daughter of singer Anne Murray, 53, and her estranged husband, former television producer Bill Langstroth, has spent the past three years fighting the embarrassing namesake. After keeping it quiet, mother and daughter are now sharing their story. "Down was starting to get cold feet," Murray told Maclean's. "But I said that if we could help one person, it would be worth it."

Murray first realized something was wrong when her daughter, then a 16-year-old high-school student, started to exercise obsessively and would barely touch food. "She had always been a picky eater, but so was I," explains Murray. "And she never got to a truly alarming state. Looking back, I wonder how I missed it, it was so obvious." After the five-foot, 44-inch young woman was down to 120 lbs and starting to lose her hair, she finally admitted to her mother that there was a problem. Murray immediately took her to a doctor who diagnosed anorexia, and then checked her into an eating disorder clinic in Florida for two months. "There was a waiting list in Canada," says Murray. "And I could afford it." Down stayed at the clinic on three separate occasions, the last time in December for 10 days after suffering a relapse. A big part of her recovery was therapy—including family sessions with both parents. "What I learned is that you can't blame anybody for this," says Murray. "I know because I blamed myself,



Langstroth (left) and Murray: a mother shares the pain of her daughter's anorexia

about going away on tour, about my marriage." Referring to her parents' separation last March, Langstroth interprets messily. "That's what it's been about."

Down is now preparing for university, but she recognizes that anorexia is a lifelong issue. She recently gave Murray a tape of her self-narrating, and although she has long backed up for her mother in the past, it was the first time Murray knew of her daughter's illness. "She is better than I was in that age." The two will stay together at a Jan. 27 fundraiser for St. Michael's, a Toronto eating disorder clinic where Langstroth took an assertiveness course. "It's been a tough experience," says Murray, "and I don't want to relive it."

Bienvenue à Hollywood

Ever since she played the title role in *Blanche*, a television series that broke all Quebec audience records in 1993, Pascale Bussières has been one of the province's most celebrated actresses. She is recognized wherever she goes—until she leaves Quebec. Then Bussières catches the acceptance. "I wouldn't be happy being such a recognizable face everywhere," says the 30-year-old Montrealer. "I'm a very curious person, and I like to observe. And when you are watched all the time, that's hard." Her latest movie, *August Afternoon*, directed by Cannes prize winner Denis Villeneuve, might change all that: the film is Canada's official Oscar entry in the foreign-language category.

Bussières has turned heads in Quebec since her first acting job, at age 13. That role, in *Michelle: Lucie's Sonnet*, earned her a Gene nomination. Since then, she has played a



Bussières: on the brink of discovery by the rest of the world

myriad of film and TV parts, ranging from a 1930s nurse in *Shawshank* to a barkeep in *Barbarians at the Gate* (1994). She has also portrayed a lesbian professor in *Passions*, *Roommates* (1994) and *Falling* (1995), her first film in English. But Bussières says she has no Hollywood dreams. "I just want to make good movies, whatever." In *August Afternoon*, she appears as Blanche, a single woman who persuades her closest friend—played by well-known Montreal actress Alexis Manis—to go to the desert near Salt Lake City with her to conceive a child. Filming in the exposure of the salt flats was "terrible," she recalls. "It was like being on the moon—this totally arid area—which is the paradox of trying to promote there."

Meanwhile, Bussières' most cherished of her own "What did you say?" she says, "I've decided to have a lot of kids." She has bought a farm in Quebec's Eastern Townships with her boyfriend, a carpenter. There, they are building a stone-bell house in which they plan to live year-round—a far cry from Hollywood.

Allan Fotheringham

Havana's faded beauty still shines through

A dead rat, strewn to its side in the middle of the day, lies on the cobblestone street just around the corner from Hemingway's bar as pedestrians wander along past the 1950s lime-green and pink-finned gas-pumpers from Detroit.

It's a metaphor for Havana at Christmas, an achingly lovely city gone to rot. One suggests it was Graham Greene who wrote: "True, Havana was disheveled and stately. But in the manner of a beautiful woman who had let herself go. You could still tell that the had good bones."

The sprawling city of 2.5 million needs a million millions of funds to do justice to its magnificent architecture. Historians have observed that the British, in building their empire, went out to grow rich and return. The Spaniards went to grow rich and stay. Havana, indeed, barely shows that the good bones are still there.

Its great deepwater port, known by Columbus, it began as a city to 1515. As the first shipping port to Europe for looted gold and jewels from the Indies, it was continually raided by pirate ships. At one stage, 200 headmen entertained the sailors. By 1700, Havana was larger than New York or Boston.

Churchill, arriving by sea in 1895, wrote: "I felt as if I sailed with King Jehoiakim and felt guard on Treason Island. Here was a place where anything might happen. Here was a place where something would certainly happen."

Almost everything has happened, of course. Thomas Jefferson in 1805 was the first of four American presidents who tried to buy the island. Used as "an offshore Las Vegas" by Lucky Luciano and the Mafia, all that was supposed to be changed when an idealistic young lawyer with only 800 guineas came down out of the mountains and in 1920 noted the bad guy, dictator Fulgencio Batista.

The tragedy of Cuba is that 40 years later it is still a mess, great and terrible, where a bicyclist is proud possession. And the idealistic lawyer, now 72, is back in the business of becoming the squarities who can bring money—this time wearing bloomers, their language having forgotten the tips.

At the base is this love-hate relationship with the bully America,



Florida only 150 km apart, separated by the world's longest and deepest moat. Fidel Castro spent his honeymoon in the U.S. There is a giant black and white postcard here, the young man who was scouted by the Cincinnati Reds standing in clear admiration of American baseball at the famed moment in Washington.

Wayne Smith, head of U.S. Interests Section in Havana since 1980 once said, "Cuba has the same effect on American administrators that the fall moon used to have on werewolves, they just lose their rationality at the mention of Castro and Cuba." It's true. Jimmy Carter says the economic boycott of Cuba is the "most stupid law" his country has ever enacted.

Castro's stilted flirtation with the Kreninists initially floundered when communism and the Berlin Wall fell. Cuba's GNP collapsed from \$19 billion to \$10 billion in four years.

It doesn't matter that Cuba, with free education and health care has the highest literacy rate and the lowest infant mortality rate in Latin America. It doesn't matter that as inland as only 11 million people have 40 university campuses.

Half of Cuba's 6,000 doctors died after the revolution, but today the island boasts 62,000 doctors, a surplus. And so be the gods and psychiatrists make more than surgeons and politicians.

One of the more bizarre aspects of this city, where the morning busque Gran Teatro de la Habana is as good as anything you will see in Paris, is the la tercio Ministry Museum. It's devoted to the alleged 34 attempts of the CIA to assassinate the bearded one who has not visited right U.S. presidents. Included is an exploding cigar and a tin of Hershey's Cocoa stuffed with detonator capsules.

If elephants in Africa go to a secret swamp to die, Havana is the last resting spot of the 1950s Flow of Masters from Detroit, the ugliest things Detroit has ever loaned on the world. Held together with spit and solder, the ever-existent Cuban mechanics run most also in U.S. brown sugar and shampoo for broke folk.

The showboat, a city where the stage of the South American drama met the Spanish guitar, remains. The Tropicana—the world's most spectacular nightclub that opened on New Year's Eve 1930 and has never stopped—makes Vegas look bash league. With 200 dancers, in a two-hour show under the stars. It's a spectacle these jaded eyes had never met.

Not Estefanía, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush nor Clinton is all over there in this stilted island who has resorted to being an astronaut and who, along with the Pope, has no terror limits.

Cuba, in a one-party state, is so close to being a democracy that it was under Batista. On the Vedado beach strip, there are 52 hotels (Cuban for the tourists) with construction cranes making it look like Calypso in heaven.

Cuba, as always, relying on foreigners with money coming only for pleasure. It's said "I was over there."

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